

Sustained Growth



**62nd
Annual Report
2011-2012**

TEN YEAR FINANCIAL HIGHLIGHTS

(₹ Lacs)

	2002	2003	2004	2005	2006	2007	2008	Jan 2009 Mar 2010 (15 Months)	2010-11 ^{>}	2011-12
Sale of Products	22465	25449	30135	36049	42129	49701	55553	74504	83763	95132
Profit Before Interest, Tax and Extraordinary Items	2676	3210	4378	5368	6865	8255	7972	13028	12597	14935
Profit After Tax and Extraordinary Items	1805	2042	2918	3540	4602	13351 +	5501	8751	8563	10363
Share Capital	1384	1384	1384	1384	2768	2768	2768	2768	2768	2768
Reserves and Surplus *	11412	12440	13779	15579	16590	24759	27669	32546	37249	43429
Total Debts	843	370	139	61	226	227	-	-	-	-
Net Fixed Assets *	5830	5806	6377	6898	12116	14877	17688	18497	19535	27476
Net Working Capital	3023	2491	1902	2826	2532	5154	6914	12612	17653	14168
Earnings Per Share (₹) #	3.26	3.69	5.27	6.40	8.31	10.21 ^	9.94	15.81	15.47	18.72
Dividend Per Share (₹) #	1.50	1.63	2.50	2.75	3.50	8.00 □	4.00	6.00	6.00	6.50
Book Value Per Share (₹) * #	23.11	24.97	27.38	30.64	34.97	49.72	54.98	63.79	72.28	83.45

KEY RATIOS

Return on Investment (%)	18.71	21.86	27.93	30.84	34.48	29.34	25.82	28.85 @	30.78	31.59
Return on Sales (after Tax) (%)	8.03	8.02	9.68	9.82	10.92	11.37 ^	9.90	11.75	10.22	10.89
Operating Margin (%)	11.91	12.61	14.53	14.89	16.30	16.61	14.35	17.49	15.04	15.70
Asset Turnover	1.57	1.74	1.92	2.07	2.12	1.77	1.80	1.65 @	2.05	2.01
Debt Equity Ratio	0.07	0.03	0.01	-	0.01	0.01	-	-	-	-
Current Ratio	1.53	1.40	1.24	1.32	1.22	1.34	1.49	1.78	2.07	1.64

+ PAT without Extraordinary Item ₹ 5651 Lacs

Based on the enhanced capital & Sub-divided Face Value of ₹5 each

□ Includes special interim dividend of ₹ 4.00

> Figures re-cast wherever necessary

* Without Revaluation Reserve

^ Based on Profit After Tax without Extraordinary Item

@ Annualised

Bankers

Central Bank of India
ICICI Bank

Auditors

Kalyaniwalla & Mistry,
Chartered Accountants

Registrars & Transfer Agents

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Ind.
Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011
Tel. No.: 022-6656 8484
Fax No.: 022-6656 8494

Registered Office

Leela Business Park, 5th Level,
Andheri-Kurla Road,
Marol, Andheri – East,
Mumbai - 400 059.
Tel. No.: 022-4021 2121
Fax No.: 022-4021 2102

Factories

1. Mora, Dist. Raigad,
Maharashtra
2. Bangalore, Karnataka
3. Tirupati, Andhra Pradesh
4. Nagpur, Maharashtra
5. Bated, Dist. Solan,
Himachal Pradesh
6. Halol, Gujarat
(under construction)

DIRECTORS

(As on 23rd May, 2012)

Mr. A. C. CHAKRABORTTI

(Chairman)

Ms. M-A. CHUPIN

Mr. J-P. FLORIS

Mr. P. MILLOT

Mr. M. M. NARANG

Mr. J. A. J. PEREIRA

(Alternate to Ms. M-A. Chupin)

Mr. S. SALGAOCAR

Mr. P. SHAH

Mr. G. TEXIER

Mr. A. Y. MAHAJAN

(Managing Director)

DIRECTOR EMERITUS

Mr. N. D. SIDHVA

MANAGEMENT COMMITTEE

Mr. J. A. J. Pereira

(HR & Corporate Services)

Mr. K. K. Prasad

(Ceramics & Plastics)

Mr. M. A. Puranik

(Finance & IT)

Mr. M. Ramarathnam

(Projects & EHS)

Mr. N. Sreedhar

(Abrasives)

COMPANY SECRETARY

Mr. K. Visweswaran

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NOTICE

NOTICE is hereby given that the 62nd Annual General Meeting of the Members of Grindwell Norton Limited will be held on Thursday, 26th July, 2012 at 12.00 Noon at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Statement of Profit and Loss, together with Notes and Cash Flow Statement of the Company for the year ended 31st March, 2012.
2. To declare a dividend for the year ended 31st March, 2012.
3. To appoint a Director in place of Mr. S. Salgaocar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Kalyaniwalla & Mistry, Chartered Accountants, (Firm Registration No. 104607W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

6. Appointment of Mr. G. Texier as Director :

To appoint a Director in place of Mr. G. Texier who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company and being eligible, offers himself for appointment and in respect of whom the

Company has received a notice in writing from a member proposing the candidature of Mr. G. Texier for the office of Director.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, and Article 116(2) of the Articles of Association of the Company, the non-whole time directors (excluding the directors who are nominees of Compagnie de Saint-Gobain or its subsidiaries) be paid a commission to be divided amongst them in such manner as the Board of Directors (the Board) may from time to time determine, of such amount not exceeding one percent of the net profit of the Company, computed in the manner prescribed under the provisions of the Companies Act, 1956, for a period of not more than five years commencing from 1st April, 2013.

FURTHER RESOLVED THAT the aforesaid commission shall be in addition to the sitting fees and/or out of pocket expenses payable to such directors for each meeting of the Board or Committees of the Board attended by such directors.

FURTHER RESOLVED THAT the Board be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this Resolution."

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. A. C. Chakraborti, Director who retires at this Annual General Meeting by rotation and does not seek re-election, be not reappointed and the resulting vacancy be not filled up."

23rd May, 2012

Registered Office :
Leela Business Park,
5th Level, Andheri-Kurla Road,
Marol, Andheri (East),
Mumbai - 400 059

By Order of the Board

K. VISWESWARAN
COMPANY SECRETARY

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (b) **PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (c) The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 19th June, 2012 to Friday, 22nd June, 2012 (both days inclusive).
- (d) The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item nos. 6, 7 and 8 are annexed hereto.
- (e) As per the amended provisions of the Companies Act, 1956, the interim dividend remaining unclaimed or unpaid for the financial year ended 31st December, 2003 had been transferred to the Investor Education and Protection Fund (Fund) of the Central Government on 3rd June, 2011. The unpaid/unclaimed dividend, declared for the financial year ended 31st December, 2004 will be due for transfer to the said Fund after 26th May, 2012. The Unpaid Dividend for all the subsequent years will be transferred to the Fund, on expiry of seven years from their respective dates of transfer to the 'Unpaid Dividend Account'. Members who have not yet realized the dividend declared for the year ended 31st December, 2005 and all subsequent financial years, are once again requested to make their claims immediately to the Company or to the Company's Registrars & Transfer Agents – TSR Darashaw Limited (TSRDL).
- (f) The facility for making nomination is available to the Members in respect of the shares held by them.
- (g) All documents referred to in the Notice and Explanatory statement are open for inspection to the members at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days upto the date of this Annual General Meeting.
- (h) (i) Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
- (ii) Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to address their queries to the Company Secretary of the Company at least ten days in advance of the meeting, so that the information, to the extent practicable, can be made available at the meeting.
- (iii) Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of such folios along with relevant share certificates to TSRDL.
- (iv) Members are requested to immediately intimate the change, if any, in their registered address to TSRDL.

ANNEXURE TO THE NOTICE

Notes on the directors seeking appointment/re-appointment, as required under Clause 49 of the Listing Agreement, entered into with Stock Exchanges.

Item No. 3

Mr. S. Salgaocar is 57 years old and holds a degree in Science from the University of Mumbai and has done his Masters in Management Studies from Jamnalal Bajaj Institute of Management Studies. Presently, he is the Managing Director of V. M. Salgaocar Group of Companies, which has interests in mining, processing and export of iron ore, shipping, real estate etc. Mr. S. Salgaocar does not hold any equity shares of Grindwell Norton Limited.

Item No. 4

Mr. P. Shah is 59 years old and has done his MBA from Harvard University, USA. He is also a member of the Institute of Chartered Accountants of India and of Cost Accountants of India. He was the founder Managing Director of CRISIL. Mr. Shah is currently the Chairman of a corporate finance and private equity advisory company. He serves on the Boards of various other reputed companies in India. Mr. P. Shah does not hold any equity shares of Grindwell Norton Limited.

Item No. 6

Mr. G. Texier is the President of Ceramic Materials of Saint-Gobain Group from September, 2011. He served as President of CertainTeed Roofing business in USA from June 2008 to September 2011 (CertainTeed Corporation is a subsidiary of Saint-Gobain). Mr. Texier joined Saint-Gobain in 2005 as Vice President – Corporate Planning for Saint-Gobain in Paris. Before joining the group Mr. Texier held several positions of responsibility with the French government. Mr. Texier has served in the French Army. He is a graduate of the Ecole Polytechnique, Paris, and the Paris School of Mines, where he studied engineering and business administration respectively. Mr. Texier does not hold any equity shares of Grindwell Norton Limited.

EXPLANATORY STATEMENT

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

Item No. 6

Mr. G. Texier was appointed as an additional director of the Company on 24th October, 2011. In terms of the provisions of Section 260 of the Companies Act, 1956, read with Article 112 of the Articles of Association of the Company, Mr. Texier holds office upto the date of the forthcoming Annual General Meeting of the Company. A brief profile of Mr. Texier is given in Item No. 6 in the Annexure to the notice.

Notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- has been received from a member of the Company signifying his intension of proposing Mr. Texier as a candidate for the office of Director.

Except Mr. G. Texier, no other director is concerned or interested in the resolution.

Your Directors recommend appointment of Mr. G. Texier as a Director of the Company, liable to retire by rotation.

Item No. 7

Section 309(4) of the Companies Act, 1956, and Article 116(2) of the Articles of Association of the Company provide for payment of commission to the non whole-time directors of the Company.

At present non whole-time directors, except the directors who are nominees of Compagnie de Saint-Gobain (CSG) or its subsidiaries, are paid a sitting fee of ₹ 5,000/-, for each Meeting of the Board/Audit Committee/Shareholders/Investors Grievance Committee attended by them. In addition, they are entitled to a profit commission, as determined by the Board of Directors from time to time, but upto 1% of the net profit of the Company, for the five financial years commencing from 1st January, 2009, as authorised under a Special Resolution of the Shareholders passed at the fifty eighth Annual General Meeting held on 24th April, 2008.

Since such directors devote considerable time to the business of the Company and the Company substantially benefits from their expertise and advice, it is appropriate that the said directors continue to be paid the proposed commission on profits for a further period of five years commencing from 1st April, 2013.

All the directors except the directors who are nominees of CSG or its subsidiaries, may be deemed to be concerned or interested in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

Item No. 8

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A. C. Chakraborti retires by rotation. As Mr. Chakraborti does not wish to seek re-election, it has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled and accordingly, the Board recommends the resolution for approval of the members.

None of the other directors of the Company are concerned or interested in the resolution.

23rd May, 2012

Registered Office :
Leela Business Park,
5th Level, Andheri-Kurla Road,
Marol, Andheri – East,
Mumbai - 400 059

By Order of the Board

K. VISWESWARAN
COMPANY SECRETARY

DIRECTORS' REPORT

The Members,
Grindwell Norton Ltd

Your Directors present the 62nd Annual Report of the Company along with the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended 31st March, 2012.

Financial Highlights

	2011-12	2010-11
		(₹ Crores)
Sale of Products (Gross)	951.32	837.63
Service & other Operating Income	22.26	15.98
Less: Excise Duty	(66.98)	(56.88)
Revenue from operations	906.60	796.73
Operating Profit	149.35	125.97
Interest	0.37	0.28
Profit before Tax	148.98	125.69
Provision for Tax	45.35	40.06
Profit after Tax	103.63	85.63
Surplus Brought forward	60.00	50.00
	163.63	135.63
Appropriations :		
Proposed Dividend	35.98	33.22
Tax on Proposed Dividend	5.84	5.39
Transfer to General Reserve	41.81	37.02
Surplus Carried to Balance Sheet	80.00	60.00
	163.63	135.63

Responsibility Statement

Your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of the affairs of the Company as at 31st March, 2012 and of the profit of the Company for that year;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis.

Operations

During the year under review, your Company's sales recorded a growth of about 13%. The pace of industrial growth slowed down markedly as the year unfolded and in the second half of the year your Company's businesses saw little or no volume growth in domestic sales. Exports were also flat. Meanwhile, margins in all businesses came under pressure mainly because of the increase in energy prices, the depreciating Rupee and the general inflationary conditions. To counter this, an important management priority was to increase prices in all businesses. This coupled with increases in productivity and improvements in operating efficiencies and yields meant that the operating margins were maintained in most of your Company's businesses.

Dividend

Your Company's net profit increased by 20% and crossed the ₹ 100 crores milestone. In the light of this and, considering your Company's strong financial position, your Directors recommend a dividend of ₹ 6.50 per equity share for the financial year ended 31st March, 2012. The cash outgo on account of the dividend (including tax on dividend) will be ₹ 41.82 crores (Previous year ₹ 38.61 crores).

Abrasives

After two years of very strong growth, the Abrasives business grew at a more moderate pace of 12% during the year under review. Domestic and export demand remained subdued for much of the year and with important end-user industries slowing down as the year progressed, volumes were flat in the second half. But for higher sales of new products and in new markets and higher prices (increased from time to time to offset the steep increases in costs), sales growth would have been much lower. Despite being successful in increasing prices and improving operating performance, margins declined and restricted the growth of operating profit to 10%. Two large projects (expansion of Bonded Abrasives capacity at Nagpur and a new Non-woven Abrasives plant in Bangalore) were initiated and made considerable progress during the year. The plants are expected to be commissioned in the first half of 2012-13.

Ceramics & Plastics

Local demand for Silicon Carbide was similar to the previous year whereas the European market was buoyant for much of

2011. Your Company's sales volume remained flat and the increase in sales was entirely due to higher prices (which offset much of the steep increase in costs of coke and electricity). A softening of demand in certain market segments caused a slowdown in the growth of the High Performance Refractories business and the Performance Plastics business. The construction of a new plant for High Performance Refractories near Vadodara in Gujarat made considerable progress during the year. The plant is expected to be commissioned in the first half of 2012-13. During the year, a project for the manufacture of mine grids (part of the ADFORS' Technical Fabrics business of Saint-Gobain) was initiated and completed. This small plant, which was commissioned in the last quarter, is located in Bangalore.

Subsidiary in Bhutan

Operations of your Company's subsidiary in Bhutan improved and the plant achieved capacity utilization of about 83%. In its second year of operations, the Company made a small operating profit. During the year, a project to set up a processing plant was initiated and made good progress. The plant is expected to be commissioned in the first half of 2012-13. In terms of the general exemption provided under Section 212(8) of the Companies Act, 1956, granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated 8th February, 2011 and in compliance with the conditions enlisted therein, copies of the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors of the subsidiary have not been attached to the Balance Sheet of the Company. However, these documents will be made available upon request by any member of the Company. As directed by the said circular, the financial data of the subsidiary has been furnished under 'Financial Information of Subsidiary Company' which forms part of the Annual Report. The Annual accounts of the Company including that of the subsidiary will be kept for inspection by any member. Further, pursuant to Accounting Standards (AS)-21, consolidated financial statements presented by the Company include financial information of the subsidiary company.

Future Prospects

Industrial growth has been weak and volatile and has trended downwards for several quarters and despite the RBI's recent decision to reduce reference rates by 0.5%, there are no signs that growth will recover in the near term. Meanwhile, high inflation and the depreciating Rupee remain a concern. The outlook for 2012-13 is uncertain. Your Company's financial strength will enable it to continue to implement its capital investment (new capacities and capabilities) programmes and prepare for the resumption of growth. In the meanwhile, your Company's management will focus on improving price realisation and operating performance (implementation of the World Class Manufacturing programme) and containing costs and working capital. At the same time, investments will continue to be made in developing new products and new markets in order to sustain growth.

Employee Relations

During the course of the year, new productivity-enhancing wage agreements were signed with Unions at your Company's plants at Mora and Bangalore. Employee Relations were generally cordial at all units of the Company. As at the year-end, there were 1619 employees. Your Directors place on record their appreciation for the contribution made by all the employees in the progress of your Company.

Environment, Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company is committed to ensure a clean and green, pollution free environment as well as healthier and safer work place at all plant locations and work sites. All the Plants of your Company are certified under ISO 14001:2004 as well as OHSAS 18001:1999. These certifications are in recognition of the sustained efforts of your Company in improving Environment, Health and Safety at all its sites.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo as required in the prescribed format is annexed (Annexure A) and forms part of this report.

Fixed Deposit

At present your Company does not accept any fixed deposits.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may write to the Company at its registered office.

Management Discussion & Analysis Report and Report on Corporate Governance

The Management Discussion & Analysis Report and Report on Corporate Governance along with a Certificate dated 23rd May, 2012, of the Auditors of your Company; regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed (Annexure C) and forms part of this Report.

Directors

Consequent to his assuming new responsibilities in the Saint-Gobain group, Mr. J. T. Crowe resigned as Director of the Company with effect from 24th October 2011. Your Directors place on record their deep appreciation for the valuable services rendered by him during his tenure as director.

Mr. G. Texier, President of the ceramic materials business of Saint-Gobain Group, was appointed as an Additional Director, from 24th October, 2011. He holds office upto the date of the ensuing Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received notice in writing from a Member proposing the candidature of Mr. Texier as Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. A. C. Chakrabortti, Mr. S. Salgaocar and Mr. P. Shah, Directors, retire by rotation. While Mr. Salgaocar and Mr. Shah, being eligible, offer themselves for reappointment as Directors of your Company, Mr. Chakrabortti, after serving as a Director of your Company for more than 29 years, has informed the Directors of his decision to step down from the Board and not seek re-election.

Your Directors wish to record their immense gratitude to Mr. Chakrabortti and their deep appreciation of the important role played by him (as a Director, as Vice-Chairman and as Chairman of the Board) and the significant contribution made by him to the development and growth of your Company over several years.

Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants, (Registration No. 104607W), Auditors of your Company,

retire on the conclusion of 62nd Annual General Meeting. You are requested to appoint Auditors for the current financial year and to fix their remuneration. The retiring Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants are eligible for re-appointment.

Acknowledgments

Your Directors take this opportunity to acknowledge with sincere gratitude the support of its esteemed customers, the strength it derives from its association with Compagnie de Saint-Gobain and a number of its subsidiaries (in particular, Saint-Gobain Abrasives Inc.), the continued support and co-operation from its Bankers and the loyalty of the large family of the Company's Dealers, Suppliers and valued Shareholders.

On behalf of the Board of Directors,

A. C. CHAKRABORTTI
CHAIRMAN

A. Y. MAHAJAN
MANAGING DIRECTOR

Mumbai; 23rd May, 2012

ANNEXURE A TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

Various energy conservation initiatives were completed during the year ended 31st March, 2012.

Form A for disclosure of particulars with respect to Conservation of Energy :

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Power and Fuel Consumption		
ELECTRICITY		
Purchased		
Units	1538964	1314149
Total Amount (₹ Lacs)	85.8	68.4
Rate/Unit ₹	5.60	5.20
Own generated		
(i) Through DG units	40897	191631
Units per Ltr. of diesel	2.06	3.28
Cost/unit (₹)	15.45	11.30
(ii) Through Steam Turbine/Generator	Nil	Nil
FUEL OIL		
Quantity (K. Ltrs.)	1934	1210
Total Amount (₹ Lacs)	535.5	351.8
Average rate (₹/K. Ltr.)	27690	29077
Consumption per unit of Production		
Electricity KWH/TON	512	488
Fuel Oil KL/TON	0.63	0.39

FORM B for disclosure of particulars with respect to Technology Absorption :

Research & Development (R&D) :

1. Specific areas in which R&D was carried out by the Company :

- (a) Abrasives: Bonded (including Thin Wheels) Coated (including Non Woven) and Super Abrasives.
- (b) Ceramics: Grains, Refractories and Monolithics.

2. Benefits derived as a result of the above R&D :

(a) Abrasives :

Development of :

- VC3 bond for vitrified;
- New rice polishing products;
- Drying cycle optimization.

Improvements in :

- Product quality consistency;
- Product safety and quality.

(b) Ceramics :

Development of :

- Armor Plate for export market;
- Ramming masses for Steel Coreless Induction furnaces;
- Coranit – new specification for Blast Furnace.

Improvements in

- Environment and Industrial Hygiene

3. Future plans of action :

- a. Technology adaptation from Saint-Gobain Abrasives companies and other Saint-Gobain plants in identified priority areas, for development of new and improved products.
- b. Development and utilization of advanced tools facilitated with enhanced grinding system solutions at the customer's end.

4. Expenditure on R&D for the period ended 31st March, 2012 :

	₹ Lacs
(a) Capital	Nil
(b) Recurring	211.75
(c) Total	211.75
(d) Total R&D expenditure as % of Total Turnover	0.23%

Technology absorption, adaptation and innovations :

Your Company believes that technology absorption, adaptation and innovations is an on-going process. All through the year, through various visits and interactions with the Saint-Gobain R&D centres, as well as other manufacturing locations, your Company has kept itself informed on the latest trends in technology related to the abrasives field. This has helped your Company to continuously improve the manufacturing processes, improve efficiencies and develop new products. Through all this, your Company has been able to improve the product-service package provided to the customers.

Disclosure of particulars with respect to Foreign Exchange earnings and outgo :

Total earnings in foreign exchange for the period ended 31st March, 2012 was ₹ 87.05 crores and the total outflow was ₹ 341.57 crores. Details are given in notes no. 19.2, 30, 32 and 33.

ANNEXURE C TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION & ANALYSIS REPORT

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

GENERAL REVIEW

Grindwell Norton Limited (GNO) is one of the subsidiaries of Compagnie de Saint-Gobain (Saint-Gobain), a transnational Group, with its headquarters in Paris and with sales of € 42.1 billion in 2011. Saint-Gobain's businesses fall into five broad sectors of activity: Construction Products, Flat Glass, Packaging, Building Distribution and High Performance Materials. GNO's businesses are a part of the High Performance Materials sector of activity. In GNO, the businesses are divided into two major Segments:

1. Abrasives
2. Ceramics & Plastics

BUSINESS ENVIRONMENT

Industrial growth has been weak and volatile and has trended downwards for several quarters and despite RBI's recent decision to reduce reference rates by 0.5%, there are no signs that growth will recover in the near term. Meanwhile, high fiscal and current account deficits, high inflation and depreciating Rupee are major concerns for the economy. The outlook for 2012-13 is uncertain.

ABRASIVES SEGMENT REVIEW

The major sectors of activities within the Abrasives segment are Bonded Abrasives (including Thin Wheels), Coated Abrasives (including Non-Woven) and Super Abrasives.

Products & Plants

Bonded Abrasives, most commonly in the form of wheels but also in other shapes such as segment, sticks etc., are used for various applications ranging from polishing or lapping to remove high quantities of materials.

Bonded Abrasives are used in precision applications such as lapping, honing, super-finishing, race grinding, thread grinding, fluting, OD grinding, ID grinding, surface grinding etc. They are also used in rough applications such as snagging, cutting-off, burr removal, weld preparation etc. Bonded Abrasives are used by a very large number of users. The variety is very high. GNO makes over 15,000 different products in a year.

Super Abrasives are made of diamond (synthetic or natural) or Cubic Boron Nitride and are used in precision applications.

Coated Abrasives products are engineering composites comprising of a backing, bond system and abrasive grains and are designed for material removal and surface generation. Coated Abrasives products are available in various shapes like discs, belts, rolls etc. to suit a wide gamut of applications.

GNO offers the widest range of cutting edge Abrasive products to the Indian market, made indigenously or sourced from other plants of Saint-Gobain. Saint-Gobain is uniquely positioned in the Abrasives industry as it can leverage the capability of developing grain technologies suited for Abrasive applications.

The Abrasives business has four manufacturing sites: Mora, (near Mumbai), Bangalore, Nagpur and Bated (Himachal Pradesh). All the sites are certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Industry

The Abrasives industry currently has two major players, one of which is GNO. GNO has a leadership position in several product-market segments. Apart from the major players in the market, there are a few medium sized players and many small, local players. Besides, imports from China are present in many categories, particularly, at the low end. Some of the players from Europe and Japan have their agents and /or distributors to service mainly the precision grinding market. In the case of Coated Abrasives, some international players have set up conversion facilities and are in the process of setting up manufacturing facilities. Also most of the power tool players are now focusing on developing their accessories business which includes Thin Wheels and some Coated Abrasives.

The market, over a period of time has become price sensitive. Key success factors are quality, cost, service and capability to provide total grinding solutions.

Development & Outlook

Saint-Gobain is the world leader in Abrasives. Leadership is based on a strong product portfolio, a strong Research and Development set-up with projects in both basic and applied areas and global reach, with plants and marketing/sales organizations all over the world. GNO benefits from being a part of such an organization, in terms of access to all developments in products and process technology, sourcing of products and development of exports.

The year under review was challenging, with demand being, subdued. The industry lacked growth momentum as it was weighed down by the overall economic situation, high inflation in the country and high interest rates. Overall, sales grew by 12% over the previous year. The main demand drivers (auto and auto-ancillaries) saw much lower growth in volumes compared to the previous year. Even as this was so, we continued to introduce a number of new products in the market that helped to increase sales. During the year there was no respite in inflation and input costs continued to increase mainly as a result of high oil prices and significant depreciation of the Indian rupee. To offset the cost increases, the business had to implement significant price increases and also work on various efficiency improvement projects. The expansion projects (the major ones being the Bonded expansion at Nagpur and the new Non-Woven plant at Bangalore) planned are progressing as per schedule and are expected to be completed in the first half of the current financial year.

The Business implemented a number of new ideas through "The Next Level" initiative. Information Technology has been enabled to provide many on-line services to GNO's Customers

and dealers. A Grinding Technology Centre has been set up at Bangalore. Besides, GNO (along with other Group companies) has taken steps to implement a World Class Manufacturing programme across all its sites. In addition, continuous efforts have been made to improve safety standards and plant operating efficiencies.

Looking ahead, there are no signs of an early economic recovery. Customers and the channel are becoming increasingly cautious. The outlook for 2012-13 is uncertain. Under the circumstances, even as it continues its efforts to grow volumes (introducing new products and developing new markets), the business will focus on improving operating performance and reducing costs. At the same time, improving price realization and safeguarding margins will remain a priority.

Risks & Concerns

- (i) **Industry & Market** : The Abrasives business caters to a number of industries such as Steel, Automobiles, Auto components, General Metal Fabrication and Woodworking. The dependence on any single industry segment is less than 15%. Demand for abrasive products can get affected if all sub-segments of the industry perform badly at the same time. Normally, this happens in an economic slowdown. There are a number of large customers serviced directly and there are several dealers to service small and medium customers. The largest customer accounts for less than 2% of the total sales and the largest dealer accounts for less than 3% of the total sales. In order to minimize the impact of such a downturn, GNO has been putting in efforts to develop export markets and will continue to do so. Export sales are not concentrated in any single country, but are spread over several countries.
- (ii) **Technology** : Abrasives have been used over a very long period of time and technological changes in terms of applications are gradual. GNO Abrasives is well positioned to anticipate and take advantage of these technological changes as Saint-Gobain is the World Leader in Abrasives with a very strong Research and Development (R & D) set up in USA with regional R & D centers located elsewhere. Both basic and applied research takes place at these R & D centers. GNO has access to all the research and technology developments.
- (iii) **Competition** : The Indian market is at a cross-road. With the economies in Europe slowing down, the attention of many global majors is turning towards India and China. Some of them are setting up their manufacturing operations in India and many of them are expanding their current infrastructure. Thus it is expected that the competition will intensify in the premium end of the market with the increased participation from international players. On the other hand, cheap imports from China and increased participation in the markets by Power Tool and other players are expected to make the market more challenging and dynamic. This necessarily means that, on the one hand, the business will have to continue to invest

in technology and to provide superior solutions and, on the other, it will continue to focus on improving operating efficiencies to enhance competitiveness.

CERAMICS & PLASTICS SEGMENT REVIEW

The businesses in this segment include:

- (i) Silicon Carbide;
- (ii) High Performance Refractories.

GNO also converts and sells a range of Performance Plastics products and recently commissioned a small plant to manufacture Technical Fabrics.

(i) SILICON CARBIDE (SiC)

Product & Plant

Silicon Carbide grains are used primarily as raw material in the manufacture of abrasives, refractories and for stone polishing. SiC is manufactured at our factory at Tirupati in Andhra Pradesh. The Tirupati Plant is certified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999. SiC Crude is also manufactured by your Company's subsidiary, Saint-Gobain Ceramic Materials Bhutan P. Ltd., at its plant near Phuentsholing in Bhutan.

Industry

In the domestic market there are three major players (including GNO) of SiC. GNO is the market leader. This market is also catered to by imports, mainly from China. The key requirements for success in the industry are consistent quality and cost competitiveness. Entry barriers are high by way of capital investment and technology.

Development & Outlook

Demand (domestic and export) remained at the previous year's level and, consequently, in terms of volumes, the SiC business saw little or no growth in 2011-12. Supply was constrained by power cuts in Andhra Pradesh; this was partly compensated by imports of SiC crude from an affiliate. The year also witnessed significant cost pushes. However, the business was successful in passing on a major part of its cost increase to the market. During the year, the project to increase grain plant capacity at Tirupati was completed. Meanwhile, the new grain plant, which is under construction in Bhutan, will be completed by the end of June 2012.

In 2012-13, the domestic SiC market size is expected to see moderate growth in volumes. Growth will mainly come from the Refractory segment which continues to be driven by the steel industry. Capacity addition by way of new Blast furnaces will be the major driver for growth in the coming years.

The Metallurgical Market is another opportunity for the SiC business in India. Traditionally dominated by Ferro Silicon, SiC is a fairly new concept in the Indian market and can be a cost-effective substitute in foundries and steel plants in

India. Therefore, the aim is to manage the economics and target to convert more foundries into using SiC.

To meet the growing demand, the challenge for the business will be to find ways and means of manufacturing or sourcing SiC crude at a competitive cost.

(ii) HIGH PERFORMANCE REFRACTORIES (HPR)

Products & Plants

Refractories are used for processing ferrous and non-ferrous metals and as kiln furniture to fire ceramic wares. They are also used as filtering media. GNO manufactures mostly silicon carbide based refractories. GNO offers complete solutions with expertise in design, engineering and manufacturing of refractory systems for most of the demanding, high temperature and wear applications. The plant is located at Bangalore and is certified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999.

Industry

The main customers are the Ceramic industry, Metallurgy – both ferrous and non-ferrous (Copper and Aluminum), Energy and Heat treatment, Wear resistant products and Armor. In the domestic market there are two major manufacturers (including GNO) for silicon carbide based refractories. The key requirements for success in the industry are technology and consistency in quality. Manufacturing is relatively capital intensive. This and technology are the barriers to entry.

Development & Outlook

The High Performance Refractories business has seen moderate growth mainly driven by new product development efforts. The past year has witnessed good growth in Wear Resistant Applications and Steel foundry business and progress in the development of export business. Raw material prices have been increasing from the 1st quarter of the year and the impact of this has been partly neutralized by increasing selling price and through cost reduction programs.

Your company is setting up a greenfield facility near Vadodara, Gujarat. The new plant will mean a significant addition in terms of capacity and capability and will enable the business to address a number of new growth opportunities. Commercial production is expected to start in the second half of 2012.

Risk & concerns

(i) **Industry & Market** : Ceramics & Plastics products cater to diverse market segments: Construction, Automotive, Energy, Healthcare, Abrasives and Refractory products etc. Each of these segments contain several different customers. In Abrasives and Refractories, our own divisions (affiliates) are also major consumers. With the growth in the Iron & Steel and Energy segments,

the requirements of Refractories are expected to grow and this will be a good opportunity to accelerate GNO's growth. Construction and Healthcare segments have very little linkage with the other segments, which makes the overall sectoral portfolio more balanced. In addition, many smaller customers are serviced through distribution channels.

(ii) **Technology** : The technology of manufacturing Silicon Carbide has changed very little worldwide, since the present process was invented. As for the increased use of Silicon Carbide in India, the technological changes needed at some of the user industry segments are gradually being introduced. GNO has full access to information on the global developments in these areas through Saint-Gobain's global presence and also has access to all the research and technology developments undertaken by Saint-Gobain in this regard. This helps GNO to be better prepared to influence these changes in India than any of its competitors.

(iii) **Costs and Prices** : Regarding input costs, the cost of Electricity across India is of a concern with expected upward adjustments in the price of Coal and Gas, triggered by reduction in Government subsidies. The price of electricity from the grid in Andhra Pradesh where our SiC factory is located has gone up by over 30% from 1st April, 2012. The price of electricity in Bhutan from where we get some part of crude is also slated to increase in the second half of 2012. This will be a cause for concern. As stated, the high volatility of the Rupee can have a significant impact on the cost of our inputs which are imported. Tracking these and passing this onto the market without much delay will be a challenge. On the pricing front, the major risk is to be linked to any significant demand drop in the global markets making export-driven producers like those from China, reduce prices to keep their capacity utilization up or to liquidate their inventories. However, the steady increase in the cost of electricity and cost of manpower in China over the last few years has reduced the extent of this risk.

Risk & Concerns – Others

1. Financial

GNO's financial management has always been governed by prudent policies, based on conservative principles. Currently, GNO is a debt-free Company. GNO's foreign currency exposure on account of imports and exports are appropriately hedged. GNO has well defined and structured treasury operations, with the emphasis on security.

2. Legal and Statutory

(i) **Contingent Liabilities** : Details of contingent liabilities are given in the Notes.
 (ii) **Statutory Compliance** : GNO ensures statutory compliance of all applicable laws and is committed to timely payment of all statutory dues.

HUMAN RESOURCES

In 2011-12, GNO's focus continued to be on building the organization through the induction and development of talent to meet current and future needs.

GNO will continue to invest in training people in Environment, Health and Safety and World Class Manufacturing and to provide an environment in which employees can give their best and realize their full potential.

OVERALL PERFORMANCE

For the year ended 31st March, 2012, GNO sales have increased by 13%. Margins in most business were under pressure mainly due to the increase in energy prices, the depreciating Rupee and the general inflationary conditions. Thanks to higher prices and improvements in operating performance, GNO's operating profit increased by 18%.

INTERNAL CONTROL SYSTEMS

GNO has an effective internal control environment which ensures that operations are executed efficiently and effectively, assets are safeguarded, regulatory requirements are

complied with and transactions are recorded after appropriate authorisations. The Company's strong and independent Internal Audit function performs regular audits. The internal controls are constantly upgraded based on internal audit recommendations. Every quarter, the significant audit findings, the corrective steps recommended and its implementation status are presented to the Audit committee.

SEGMENT FINANCIALS

GNO has identified two segments in line with the Accounting Standard on Segment reporting (AS-17). The segments are Abrasives and Ceramics & Plastics.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report contains some forward looking statements based upon the information and data available with the Company, assumptions with regard to global economic conditions, the government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Hence it is cautioned that the actual results may differ from those expressed or implied in this report.

ANNEXURE C TO THE DIRECTORS' REPORT (Continued)

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. CORPORATE GOVERNANCE AT GRINDWELL NORTON LIMITED (GNO)

GNO, a member of the 'Saint-Gobain' group, is committed to the highest standards of fair, ethical and transparent governance practices. The corporate governance policies followed by GNO are intended to ensure transparency in all dealings. The Company recognizes the importance of strong corporate governance which is an important mechanism of investor protection.

2. BOARD OF DIRECTORS

Composition

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. As on 31st March, 2012, the Board has nine members comprising a Managing Director, eight Non-Executive Directors out of whom three are independent. The Chairman of the Board is a Non-Executive Independent Chairman.

Mr. John T. Crowe, Non-Executive Director, resigned as a member of the Board with effect from 24th October, 2011.

Mr. G. Texier was appointed with effect from 24th October, 2011 as a Non-Executive Director of the Company.

The Board represents an optimal mix of professionalism, knowledge and experience. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Meetings of the Board

During the year ended 31st March, 2012, five Board Meetings were held. The dates on which the said meetings were held are as follows :

17th May, 2011, 27th July, 2011, 24th October, 2011, 2nd December, 2011, 24th January, 2012.

None of the Director holds directorships in more than 15 public limited companies and does not hold memberships of more than 10 committees of the Board nor is a Chairman of more than 5 committees of the Board. Details of attendance of each Director at the Board Meetings during the year and at the last Annual General Meeting (AGM) as also the number of Directorships and Memberships/ Chairmanships of Committees as on 31st March, 2012 are as follows :

Name of the Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships held	No. of Committee membership positions held	No. of Committee Chairmanship
Mr. A. C. Chakrabortti	Chairman – Non-Executive (Independent)	5	Yes	9	7	4
Ms. M-A. Chupin (Mr. J. A. J. Pereira [#] appointed as Alternate Director)	Non-Executive	5	Yes	1	Nil	—
Mr. J-P. Floris	Non-Executive	1	No	2	Nil	—
Mr. A. Y. Mahajan	Managing Director	5	Yes	8	5	3
Mr. P. Millot	Non-Executive	1	No	1	Nil	—
Mr. M. M. Narang	Non-Executive	4	Yes	1	1	—
Mr. S. Salgaocar	Non-Executive (Independent)	4	Yes	2	—	—
Mr. P. Shah	Non-Executive (Independent)	4	Yes	13	8	1
Mr. G. Texier ^(a)	Non-Executive	Nil	NA	1	Nil	—

(a) Appointed as an Additional Director w.e.f. 24th October, 2011.

[#] Mr. J.A. J. Pereira had been appointed as an Alternate Director to Ms. M-A. Chupin. He ceased to be an alternate director w.e.f. 27th July, 2011. He was appointed as Alternate Director to Ms. M-A. Chupin w.e.f. 24th October, 2011. He holds directorships in 6 companies (including GNO) and is a member of 2 Committees.

- None of the above Directors are related inter-se.
- None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 1956. Also, the Committee Chairmanships/Memberships are within the limits under Clause 49 of the Listing Agreement.
- Directorship includes Public Limited Companies, listed or not, including GNO and does not include private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
- The information related to Committee positions held as stated above, pertains to the Audit Committee and Shareholders/Investors Grievance Committee in accordance with the provisions of Clause 49 of the Listing Agreement.
- Membership of committees includes chairmanship, if any.

3. AUDIT COMMITTEE

Terms of Reference

The terms of reference of the Audit Committee are in consonance with revised Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956, and are as under :

1. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by the management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors, any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee.

Composition

Pursuant to the provisions of the Companies Act, 1956 and the Listing Agreement, an Audit Committee had been constituted to cover the matters specified for Audit Committees under the Listing Agreement as well as under the provisions of the Companies Act, 1956. The composition of the Audit Committee is as under:

Name of the member	Nature of membership	No. of Meetings attended
Mr. A. C. Chakrabortti	Chairman – Independent	4
Mr. P. Shah	Member – Independent	4
Mr. A.Y. Mahajan	Member	4

The Chairman of the Committee, Mr. A.C. Chakrabortti, an independent Director is a fellow member of the Institute of Chartered Accountants of England & Wales and fellow member of the Institute of Chartered Accountants of India. He has over 45 years of experience in the field of accounts and finance. The members of the Committee are well versed in finance matters, accounts and general business

practices. The Executive Director – HR & Corporate Services, Vice-President – Finance & IT, Internal Auditor and the Statutory Auditors are invitees of the Committee. The Company Secretary acts as the Secretary to the Audit Committee.

Meetings

The Audit Committee held four meetings during the year ended 31st March, 2012 on:

17th May, 2011, 27th July, 2011, 24th October, 2011 and 24th January, 2012.

Minutes of the Audit Committee Meetings are circulated to the members of the Board, discussed and taken note at the next board meeting of the Company.

4. REMUNERATION OF DIRECTORS

(A) Remuneration Policy :

The remuneration policy is performance driven and directed to motivate towards excelling in performance, recognize contributions, retain talent and reward performance. It is aimed at attracting and retaining high caliber talent. The components of the remuneration vary for different grades and are governed by industry pattern, qualifications, experience, responsibilities handled, individual performance etc. The Company has an incentive plan which is linked to performance and achievement of the Company's objectives.

(B) The details of remuneration of Directors, for the financial year ended 31st March, 2012 are given below :

Executive Directors

(i) All elements of remuneration package i.e. salary, benefits, perquisites, profit, commission, pension etc.

Mr. A. Y. Mahajan - ₹ 3,35.72 Lacs

Mr. J. A. J. Pereira - ₹ 1,37.06 Lacs

(ii) Fixed component and performance linked incentives along with the performance criteria

Fixed component is paid as Salary and other perquisites. In addition, a profit commission, wherever applicable, is paid within the maximum ceiling on remuneration, based on certain pre-agreed performance parameters.

(iii) Stock option

Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or any other employees.

Non-Executive Directors

The Non-Executive Directors other than nominees of Compagnie de Saint-Gobain (CSG), are paid sitting fee of ₹ 5,000/- per meeting of Board or its Committees.

The shareholders of the Company at the 58th Annual General Meeting held on 24th April, 2008, have approved payment of Commission upto 1% of the net profits of the Company to its Non-Executive Directors other than nominees of CSG, for a period of five years commencing from 1st January, 2009.

The details of sitting fees and commission paid/ payable to Non-Executive Directors are as follows :

Non-Executive Directors	Sitting Fees (₹ Lacs)	Profit Commission (₹ Lacs)	Total (₹ Lacs)
Mr. A. C. Chakrabortti	0.45	16.67	17.12
Mr. S. Salgaocar	0.30	8.33	8.63
Mr. P. Shah	0.40	8.33	8.73
Mr. M. M. Narang	0.25	21.99	22.24

Equity shares held by Non-Executive Directors

Other than Mr. M. M. Narang who holds 3,31,500 equity shares, no other Non-Executive Director holds any shares in the Company.

(C) Pecuniary relationship or transaction of Non-Executive Directors vis-à-vis the Company :

Apart from receiving Director's sitting fees and commission, the Non-Executive Directors of the Company do not have any pecuniary relationship or transactions with the Company.

Mr. M. M. Narang is a member of the Indian Promoters' Group. Mr. J-P. Floris, Mr. P. Millot, Ms. M-A. Chupin and Mr. G. Texier are employees of the Saint-Gobain Group (the foreign Promoter).

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Composition

As on 31st March, 2012, the Shareholders/Investors Grievance Committee consists of Mr. S. Salgaocar, Mr. A.Y. Mahajan and Mr. M. M. Narang as Members. Mr. S. Salgaocar, Non-Executive Independent Director heads the Committee. The Committee has delegated powers to Mr. A. Y. Mahajan and Mr. M. M. Narang, to consider inter-alia, share transfers, issue of duplicate share certificates, investor complaints etc., every fortnight or at frequent intervals. Mr. K. Visweswaran – Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with Stock Exchanges. The Company has appointed

M/s. TSR Darshaw Limited to act as Registrar and Transfer Agents of the Company.

During the year, the Committee met twice on 27th July, 2011 and 24th January, 2012.

Complaints

During the year, 2011-12, few complaints were received from shareholders / investors regarding transfer of shares, non-receipt of dividend etc. All complaints have generally been solved to the satisfaction of the complainants.

6. GENERAL BODY MEETINGS

(a) Annual General Meetings :

Details of venue, date and time of the last three Annual General Meetings (AGM) held :

Date and Time	Venue	Special Resolutions passed
28th April 2009 at 3:30 pm	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	Amendment to old Article 141 of Articles of Association amending the casting vote of Chairman by adding a new clause stating that 'Questions arising at any meeting of the Board shall be decided by a majority of votes. In case of equality of votes, the Chairman of any meeting shall not have a second or casting vote.
29th July 2010 at 3.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	None
27th July 2011 at 3.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	None

All the resolutions set out in the respective notices were passed by the Shareholders.

(b) Passing of Resolutions by Postal Ballot :

No Postal Ballot was conducted during the financial year.

7. DISCLOSURES

(a) Materially significant related party transactions :

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Transactions with related parties as per the requirements of Accounting Standard-18 are disclosed in Note 35 of this Annual Report and they are not in conflict with the interest of the Company.

(b) Compliance :

The Company has complied with the requirements of Stock Exchange, Securities and Exchange Board of India and other statutory authorities on all matters relating to capital markets, and no penalty/stricture was imposed on the Company during the last 3 years.

(c) Whistle Blower Policy :

The Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In order to provide a secure environment and to encourage employees of the Company to report unethical, unlawful or improper practices, acts or activities, the Company has adopted a Whistle Blower policy.

(d) Mandatory and Non-Mandatory requirements :

The Company has complied with all mandatory requirements. As regards non-mandatory requirements, the Board has noted the same and shall consider adopting the same as and when it deems fit.

8. MEANS OF COMMUNICATION

Quarterly Financial Results and Publications :

Quarterly unaudited and the annual audited financial results are approved by the Board of Directors and published in terms of Clause 41 of the Listing Agreement, in :

- (i) Economic Times – Mumbai edition
- (ii) Maharashtra Times – Mumbai edition

Website (s) :

The financial results of the Company are displayed on its web site www.grindwellnorton.co.in

Whether it also displays the official news releases; and the presentations made to Institutional Investors and Analysts

No

9. GENERAL SHAREHOLDERS' INFORMATION

(a) Annual General Meeting :

AGM	62nd Annual General Meeting
Date	Thursday, 26th July, 2012
Time	12.00 Noon
Venue	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai – 400 001.

(b) Financial Year : April 2012 – March 2013 :

Calendar of Financial Results for 2012-13 :

- (i) First Quarter Results – July, 2012
- (ii) Half Yearly Results – October, 2012
- (iii) Third Quarter Results – January, 2013
- (iv) Results for the year ending 31st March, 2013

(c) Dates of Book Closure :

Tuesday, 19th June, 2012 to Friday, 22nd June, 2012 (both days inclusive)

(d) Date of payment of Dividend :

On or after 31st July, 2012.

(e) Listing on Stock Exchange(s) :

Bombay Stock Exchange Limited
National Stock Exchange of India Limited.
The annual listing fees of Bombay Stock Exchange Limited and National Stock Exchange of India Limited have been paid for the year 2012-2013.

(f) Stock Code :

BSE-Stock Code

Physical - 506076

NSE – Symbol

Physical – GRINDWELL

ISIN FOR NSDL/CDSL

INE536A01023

(g) Market Price Data: High, Low during each month in the last financial year and Performance in comparison to BSE Sensex (broad based index) :

Month	BSE		NSE		SENSEX	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
Apr-11	234.80	218.00	234.90	220.50	19701.73	19091.17
May-11	238.65	224.15	238.55	224.90	18998.02	17847.24
Jun-11	244.70	235.05	244.35	236.00	18845.87	17506.63
Jul-11	262.50	237.00	263.90	237.00	19078.30	18197.20
Aug-11	256.50	233.30	256.90	235.50	18314.33	15848.83
Sep-11	241.45	228.15	242.20	227.43	17165.54	16051.10
Oct-11	255.45	231.70	255.15	231.45	17804.80	15792.41
Nov-11	273.10	240.00	273.35	239.20	17569.53	15695.43
Dec-11	241.10	207.15	241.05	209.00	16877.06	15175.08
Jan-12	240.00	213.00	240.00	214.00	17233.98	15517.92
Feb-12	289.34	240.00	287.95	235.40	18428.61	17300.58
Mar-12	277.75	247.87	277.65	249.20	17919.30	17052.78

(h) Registrar and Transfer Agents :

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai - 400 011

(i) Share Transfer System :

All the transfers are processed by TSR Darashaw Limited and approved by the Share Transfer Committee of Directors which normally meets twice in a month.

(j) Shareholding Pattern as on 31st March, 2012 :

Category	No. of Shareholders	No. of Shares	%
Promoters :			
Foreign	2	28,414,000	51.33
Indian	39	4,044,030	7.30
Insurance Companies & Banks	7	113,534	0.21
UTI & Mutual Funds	9	4,633,467	8.37
NRIs, OCBs and FIIs	158	1,455,530	2.63
Domestic Companies and Trusts	258	2,335,244	4.22
Resident Individuals	12,297	14,364,195	25.94
Total	12,770	55,360,000	100.00

(k) Distribution of Shareholdings :

No. of equity shares held	No. of Shares	% to Total Shares	No. of Holders	% to Total Holders
Upto 250	935,616	1.69	8,012	62.74
251 to 500	1,182,216	2.14	2,996	23.46
501 to 1000	719,506	1.30	906	7.09
1001 to 5000	1,331,617	2.40	617	4.83
5001 to 10000	647,579	1.17	89	0.70
10001 to 100000	3,261,052	5.89	98	0.77
100001 and above	47,282,414	85.41	52	0.41
Grand Total	55,360,000	100.00	12,770	100.00
No. of Shareholders in Physical Mode	30,465,011	55.03	2,477	19.40
No. of Shareholders in Electronic Mode	24,894,989	44.97	10,293	80.60

(l) Dematerialisation of shares and liquidity :

44.97% of the paid-up capital has been dematerialised as on 31st March, 2012. The Promoters have informed the Company that in order to comply with the requirement of the Circulars issued by Securities and Exchange Board of India (SEBI) dated 17th June, 2011, 30th September, 2011 and 30th March, 2012, regarding holding of 100% promoter shareholding in demat form, they have already initiated the process of dematerialisation of their equity shares.

(m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :

The Company has not issued any GDRs/ADRs/Warrants/any convertible instrument.

(n) Plant Locations :

The Company's plants are located at Mora, Nagpur, Bangalore, Tirupati, Bated and Halol (under construction).

(o) Address for correspondence :

Mr. K. Visweswaran – Company Secretary
Leela Business Park, 5th Level, Andheri-Kurla Road,
Marol, Mumbai – 400 059.
Tel. 022-4021 2121 Fax. 022-4021 2102
Email id: sharecmpt.gno@saint-gobain.com

10. PROMOTERS' GROUPS :**I. Indian Promoters :**

- Mr. N. D. Sidhva & Family
- Mrs. V. A. Mahajan & Family
- Mrs. K. M. Narang & Family

II. Foreign Promoters (Collaborators) :

- (a) Saint-Gobain Abrasives Inc., USA.
- (b) Societe de Participations Financieres et Industrielles, France.

III. Other Saint-Gobain Group Companies in India :

- (a) Saint-Gobain Crystals & Detectors India Limited
- (b) Saint-Gobain Glass India Limited
- (c) Saint-Gobain Gyproc India Limited
- (d) Saint-Gobain India Foundation (Section 25 Company)
- (e) Saint-Gobain Norpro India Private Limited (under liquidation)
- (f) Saint-Gobain Sekurit India Limited
- (g) Saint-Gobain Seva Engineering India Limited
- (h) SEPR Refractories India Limited
- (i) L.M. Van Moppes Diamond Tools India Private Limited
- (j) Accuramech Industrial Engineering Private Limited

11. OTHER INFORMATION**(a) CEO/CFO certification :**

Pursuant to the provisions of sub-clause V of the revised Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director (CEO) and the Vice President – Finance & IT (CFO) have issued a certificate to the Board of Directors, for the financial year ended 31st March, 2012.

(b) Risk Management framework :

The Company has laid down procedures to inform Board members about the Risk Assessment and minimization procedures. These procedures shall be periodically reviewed and further improvements, if any, suggested by the executive management shall be implemented.

(c) Code of Conduct :

The Company has laid down a code of conduct for all Board Members and Senior Management Personnel of the Company. The code of conduct is available on the website of the Company. Internally, all employees of the Company are expected to strictly follow Saint-Gobain's Principles of Conduct and Action and the Code of Conduct for Saint-Gobain employees in India.

(d) Corporate Social Responsibility :

The Company has taken various measures towards its Corporate Social Responsibility (CSR) in line with the policies of Saint Gobain group. During the year, the Company has donated ₹ 13.18 million to the Saint-Gobain India Foundation (SGIF), which supports and funds education initiatives for the underprivileged (with special focus on the girl child) and related activities. The Company attaches the highest priority to Environment, Health and Safety and continues to make investments in order to sustain improvements.

12. DECLARATION BY THE MANAGING DIRECTOR UNDER REVISED CLAUSE 49 OF THE LISTING AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT

In accordance with Clause 49 I (D) of the Listing Agreement with Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

For GRINDWELL NORTON LIMITED

A.Y. MAHAJAN

Mumbai; 23rd May, 2012

MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
GRINDWELL NORTON LIMITED

We have examined the compliance of conditions of Corporate Governance by Grindwell Norton Limited (the Company) for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KALYANIWALLA & MISTRY**
CHARTERED ACCOUNTANTS

E. K. IRANI
PARTNER

Mumbai; 23rd May, 2012

(Membership No. 35646)

REPORT OF THE AUDITORS

TO THE MEMBERS OF
GRINDWELL NORTON LIMITED

1. We have audited the attached Balance Sheet of **GRINDWELL NORTON LIMITED**, as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2012, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No. 104607W

E. K. IRANI
PARTNER
(Membership No. 35646)

Place: Mumbai
Dated: 23rd May, 2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- (1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- (2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures for the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (3) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Companies Act, 1956 ("the Act"). The amount outstanding at the year end is ₹ 265 lakh and the maximum amount outstanding at any time during the period was ₹ 296 lakh.
- (b) The rate of interest and other terms and conditions of the loans granted are not prejudicial to the interest of the Company.
- (c) The payment of principal amount and interest are regular.
- (d) There is no overdue amount in respect of loans granted to the parties listed in the register maintained under Section 301 of the Act.
- (e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- (f) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal controls.
- (5) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that there are no transactions that need to be entered into the Register maintained under Section 301 of the Act.
- (6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other relevant provisions of the Act are not applicable.
- (7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- (8) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (9) (a) According to the information and explanations given to us and on the basis of our examination of books of account, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March, 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Value Added Tax, Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service tax, Excise Duty or Cess on account of any dispute, other than the following:

Name of Statute	Amount (₹ Lakh)	Forum where dispute is pending
Sales Tax	230.56	Commissioner (Appeals)/ High Court
Excise Duty	315.91	Commissioner (Appeals)/ Tribunal
Non Agricultural Land Cess	37.79	Revenue Department

- (10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current year and immediately preceding financial year.
- (11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or debenture holders.
- (12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ societies.
- (14) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us and based on the documents and records produced to us, the Company has given a corporate guarantee for loans taken by the subsidiary from banks. The terms and conditions of the guarantee are not prejudicial to the interest of the Company.
- (16) There were no term loans raised during the year.
- (17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- (18) The Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Act.
- (19) The Company did not have outstanding debentures during the year.
- (20) The Company has not raised any money through a public issue during the year.
- (21) Based on the audit procedures performed and information and explanations given and representations made by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS
 Firm Registration No. 104607W

E. K. IRANI
 PARTNER
 (Membership No. 35646)

Place: Mumbai
 Dated: 23rd May, 2012

BALANCE SHEET AS AT 31st MARCH, 2012

	Notes	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	2	27,68.00		27,68.00
Reserves and Surplus	3	438,14.78		376,50.89
			465,82.78	404,18.89
NON-CURRENT LIABILITIES				
Deferred Tax Liability (Net)	4	10,80.05		9,07.78
Long Term Liabilities	5	5,80.97		4,64.12
Long Term Provisions	6	15,14.12		15,52.54
			31,75.14	29,24.44
CURRENT LIABILITIES				
Trade Payables	7	71,68.55		56,86.28
Other Current Liabilities	7	103,15.89		68,10.26
Short Term Provisions	8	45,38.13		39,79.65
			220,22.57	1,64,76.19
			717,80.49	598,19.52
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
Tangible Assets	9	190,41.34		178,94.19
Intangible Assets	9	6,64.73		7,89.58
Capital Work in Progress	9	81,55.77		12,53.45
			278,61.84	199,37.22
Non-Current Investments	10		45,34.45	44,60.28
Long Term Loans & Advances	11		28,63.49	11,23.02
Other Non-Current Assets	12		3,29.79	1,70.06
CURRENT ASSETS				
Current Investments	13	—		8,00.79
Inventories	14	159,99.44		124,79.30
Trade Receivables	15	95,45.62		91,31.80
Cash & Bank Balances	16	73,14.02		94,69.08
Short Term Loans & Advances	17	25,47.12		16,32.57
Other Current Assets	18	7,84.72		6,15.40
			361,90.92	341,28.94
			717,80.49	598,19.52
Significant Accounting Policies	1			

The accompanying notes (1 to 36) are integral part of the financial statements

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Mumbai: 23rd May, 2012

For and on behalf of board of directors of
Grindwell Norton Limited

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 23rd May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

	Notes	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
INCOME					
Revenue from operations (Net)	19		906,59.89		796,73.38
Other Income	20		13,79.44		11,41.45
				920,39.33	808,14.83
EXPENDITURE					
Cost of Raw Materials Consumed	21		343,40.70		302,70.92
Purchase of Trading Goods	22		74,73.94		67,41.79
Change in Inventories	23		(11,62.20)		(17,29.27)
Employee benefit expenses	24		94,85.91		84,31.45
Finance Cost	25		36.69		28.25
Depreciation	9	16,84.45			16,48.39
Less: Transfer from Revaluation Reserve		(16.60)			(16.54)
			16,67.85		16,31.85
Other Expenses	26		252,98.53		228,70.98
				771,41.42	682,45.97
Profit Before Tax				148,97.91	125,68.86
Tax Expenses:					
(1) Current Tax			43,63.00		39,06.59
(2) Deferred Tax			1,72.27		99.41
				45,35.27	40,06.00
Profit After Tax				103,62.64	85,62.86
Basic & Diluted Earnings Per Share (in ₹)	27			18.72	15.47
Significant Accounting Policies	1				

The accompanying notes (1 to 36) are integral part of the financial statements

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Mumbai: 23rd May, 2012

For and on behalf of board of directors of
Grindwell Norton Limited

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 23rd May, 2012

NOTES FORMING PART OF THE ACCOUNTS

Note : 1

SIGNIFICANT ACCOUNTING POLICIES:

Method of Accounting:

The accounts are prepared on the historical cost convention. Expense and income are accounted for on accrual basis.

Fixed Assets:

Fixed Assets are stated at cost; except those Tangible Assets which were revalued as on 30th June, 1988 are stated at revalued amounts.

Investments:

- (a) Non-Current Investments are valued at cost less provision for diminution in value, if the diminution is other than temporary.
- (b) Current Investments are stated at lower of cost and fair value.

Inventories:

Inventories are valued at lower of cost and net realisable value. The cost is arrived at on a weighted average basis.

Revenue Recognition:

Sales are recognised at the point of despatch of goods to Customers. Sales are inclusive of Excise Duty but net of Trade Discounts and Sales Tax. Service Income is recognised when the service is rendered.

Foreign Currency Transactions:

Transactions in foreign currency are translated at rates of exchange prevailing on the date the transactions are recorded. The outstanding amounts are converted at the year end at the rates prevailing on that date and the difference arising on conversion is accounted for in the books of account. In case of forward exchange contracts, the difference between the transaction rate and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Expenditure on New Projects:

Expenditure directly relating to the construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of indirect construction cost to the extent to which the expenditure is related to the construction or is incidental thereto. Income attributable to the project is deducted from the total of the indirect expenditure.

Employee Benefits:

(a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

(b) Post-employment benefits:

(i) Defined Contribution Plans:

Payments made to defined contribution plans such as Provident Fund and Superannuation are charged as an expense as they fall due.

(ii) Defined Benefit Plans:

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit & Loss.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis.

Past service cost is recognised as expense on a straight-line basis over the average period until the benefit becomes vested.



NOTES FORMING PART OF THE ACCOUNTS

(iii) Other long term employee benefits:

Other long term employee benefit viz., leave encashment is recognised as an expense in the Statement of Profit and Loss as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefit is charged to the Statement of Profit and Loss.

Research & Development:

- (a) Revenue Expenditure on Research & Development is charged under respective heads of account.
- (b) Capital Expenditure on Research & Development is included as part of the relevant Fixed Assets.

Borrowing Costs:

Borrowing costs incurred by the Company on an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset.

Depreciation/Amortisation:

On Tangible Assets:

- (a) Depreciation on cost of assets is provided on Straight Line Method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956, except for the following:
 - (i) Computers are depreciated over 4 years,
 - (ii) Specific Kilns are depreciated over 5 years, being the estimated useful life of these assets.
- (b) Depreciation on revalued amounts is provided on Straight Line Method based on the residual life of the said assets and adjusted to Revaluation Reserve.
- (c) Leasehold Improvements is depreciated over the lease period or over its useful life if less than the lease period.
- (d) Cost of Leasehold Land is amortised over the period of the lease.

On Intangible Assets:

- (a) Intangible assets are amortised on the Straight Line basis over the useful life, based on the economic benefits that would be derived, as per the estimates made by the Management:

(i) Computer Software	:	3 Years
(ii) Goodwill	:	10 Years
(iii) Technical Know-how	:	5 Years
(iv) Trademark	:	Licence Period/ 10 Years (whichever is lower)
(v) Other Intangibles	:	10 Years

Impairment:

The Cash Generating Units are evaluated at the balance sheet date to ascertain the estimated recoverable amount/value in use as against the Written Down Value. Impairment loss, if any, is recognised whenever the Written Down Value exceeds estimated recoverable amount/value in use.

Deferred Tax:

Deferred Tax Assets and Liabilities are based on timing differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.

Provisions and Contingencies:

- (a) Provisions are recognised based on the best estimate of probable outflow of resources which would be required to settle obligations arising out of past events.
- (b) Contingent liabilities not provided for as per (a) above are disclosed in the notes to accounts and Contingent assets are not recognised.

NOTES FORMING PART OF THE ACCOUNTS

Note : 2

SHARE CAPITAL

AUTHORISED

5,60,00,000 Equity Shares of ₹ 5/- each

ISSUED, SUBSCRIBED AND PAID-UP

5,53,60,000 Equity Shares of ₹ 5/- each, fully paid-up
(Refer Notes 2.1 to 2.4)

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
<u>28,00.00</u>	<u>28,00.00</u>
<u>27,68.00</u>	<u>27,68.00</u>
<u>27,68.00</u>	<u>27,68.00</u>

Note : 2.1

Shares held by Subsidiaries of the Ultimate Holding Company (Compagnie de Saint-Gobain) are as below:

Saint-Gobain Abrasives Inc.

Societe de Participations Financieres et Industrielles

Saint-Gobain Glass India Ltd.

Total

As at 31st March, 2012		As at 31st March, 2011	
Number of Shares held	% of Holding	Number of Shares held	% of Holding
148,17,760	26.8%	148,17,760	26.8%
135,96,240	24.5%	135,96,240	24.5%
1,50,000	0.3%	1,50,000	0.3%
<u>285,64,000</u>	<u>51.6%</u>	<u>285,64,000</u>	<u>51.6%</u>
15,37,532	2.8%	14,09,628	2.5%
13,89,366	2.5%	10,67,600	1.9%
9,42,719	1.7%	7,56,019	1.4%
<u>38,69,617</u>	<u>7.0%</u>	<u>32,33,247</u>	<u>5.8%</u>

Note : 2.2

Shareholders holding more than 5% shares in the Company (in addition to those included in Note 2.1 above) are as below:

HDFC Trustee Company Ltd. - HDFC Prudence Fund

HDFC Trustee Company Ltd. - HDFC Mid Cap Opportunities Fund

HDFC Trustee Company Ltd. - HDFC MF Monthly Income Plan – Long Term Plan

HDFC Mutual Fund

Note : 2.3

There is no movement in the number of shares outstanding during the year ended 31st March 2011 & year ended 31st March 2012.

Note : 2.4

Rights and restrictions attached to the shares

Equity Shares: The Company has only one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 3			
RESERVES AND SURPLUS			
1. SECURITIES PREMIUM ACCOUNT		34,82.82	34,82.82
2. REVALUATION RESERVE			
As per last Balance Sheet	4,02.13		4,18.67
Transfer to Depreciation	(16.60)		(16.54)
		3,85.53	4,02.13
3. GENERAL RESERVE			
As per last Balance Sheet	277,65.94		240,63.52
Add: Transfer from Profit & Loss Account	41,80.49		37,02.42
		319,46.43	277,65.94
4. PROFIT & LOSS ACCOUNT			
As per last Balance Sheet	60,00.00		50,00.00
Add: Net Profit for the current year	103,62.64		85,62.86
Less: Appropriations :			
Proposed Dividend [Dividend proposed per share ₹ 6.50 (Previous Year ₹ 6/-)]	(35,98.40)		(33,21.60)
Provision for Tax on Proposed Dividend	(5,83.75)		(5,38.84)
Transfer to General Reserve	(41,80.49)		(37,02.42)
		80,00.00	60,00.00
		438,14.78	376,50.89
Note : 4			
DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability :			
Depreciation on Fixed Assets		20,10.09	17,06.18
Deferred Tax Asset :			
Provision for Doubtful Debts and Advances		(1,62.49)	(1,47.85)
Provision for Contingencies		(72.00)	(1,01.31)
Others		(6,95.55)	(5,49.24)
		10,80.05	9,07.78

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 5			
LONG TERM LIABILITIES			
Trade/Security Deposits		4,83.58	4,49.16
Other Liabilities		97.39	14.96
		<u>5,80.97</u>	<u>4,64.12</u>
Note : 6			
LONG TERM PROVISIONS			
Income Tax (Net of Advance Tax)		3,80.04	4,10.75
Leave Encashment (Refer Note 8.1)		9,12.18	8,36.79
Power Liabilities (Refer Note 6.1)		2,21.90	3,05.00
		<u>15,14.12</u>	<u>15,52.54</u>
Note : 6.1			
Details of Provision made for Power Liabilities :			
Opening Balance		3,05.00	—
Provision made during the year		1,76.80	3,05.00
Provision reversed during the year		(2,59.90)	—
Closing Balance		<u>2,21.90</u>	<u>3,05.00</u>
Note : 7			
CURRENT LIABILITIES			
Trade Payables			
Due to Micro, Small and Medium Enterprises (Refer Note 7.1)	1,10.36		34.93
Others	<u>70,58.19</u>		<u>56,51.35</u>
		71,68.55	56,86.28
Other Current Liabilities			
Trade deposits	1,19.99		94.35
Unclaimed Dividend	65.98		63.67
Commission due to Directors	2,09.68		1,85.90
Other Liabilities	<u>99,20.24</u>		<u>64,66.34</u>
		103,15.89	68,10.26
		<u>174,84.44</u>	<u>124,96.54</u>

NOTES FORMING PART OF THE ACCOUNTS

Note : 7.1

Due to Micro, Small and Medium Enterprises :

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Principal amount due	1,10.36	34.93
Interest due on above	2.18	0.00
Payment made after the due dates	13,07.77	7,09.23
Interest payable for payments made after due dates	12.93	2.49
Interest paid	—	—

The information has been given in respect of such suppliers who have identified themselves as "Micro, Small and Medium Enterprises".

Note : 8

SHORT TERM PROVISIONS

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Income Tax (Net of Advance Tax)	1,79.83	—
Dividend Distribution Tax	5,83.75	5,38.84
Proposed Dividend	35,98.40	33,21.60
Leave Encashment (Refer Note 8.1)	1,76.15	1,19.21
	<u>45,38.13</u>	<u>39,79.65</u>

Note : 8.1

Details of Provision for Leave Encashment :

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Opening Balance - Long Term	8,36.79	7,76.97
Opening Balance - Short Term	1,19.21	1,14.94
Provision made during the year	2,51.54	1,79.03
Utilisation during the year	(1,19.21)	(1,14.94)
Closing Balance - Long Term	9,12.18	8,36.79
Closing Balance - Short Term	<u>1,76.15</u>	<u>1,19.21</u>

NOTES FORMING PART OF THE ACCOUNTS

Note : 9

FIXED ASSETS

(₹ Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the Year	On Sales	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS										
Land – Freehold	16,20.79	—	—	16,20.79	—	—	—	—	16,20.79	16,20.79
Land – Leasehold	90.85	—	—	90.85	14.37	0.92	—	15.29	75.56	76.48
Buildings #	78,23.98	5,06.36	64.48	82,65.86	15,87.09	1,99.88	6.64	17,80.33	64,85.53	62,36.89
Leasehold Improvements	95.74	7.06	—	1,02.80	5.32	10.67	—	15.99	86.81	90.42
Plant & Machinery	172,48.58	18,19.66	71.61	189,96.63	86,55.28	10,43.95	60.74	96,38.49	93,58.14	85,93.30
Computers	12,12.49	2,26.69	41.29	13,97.89	9,70.98	1,19.79	41.28	10,49.49	3,48.40	2,41.51
Furniture, Fixtures	8,98.08	76.86	13.16	9,61.78	3,74.86	48.69	12.68	4,10.87	5,50.91	5,23.22
Office Equipment	5,81.11	67.94	27.04	6,22.01	2,07.47	39.61	25.36	2,21.72	4,00.29	3,73.64
Vehicles	2,04.39	—	10.26	1,94.13	66.45	18.45	5.68	79.22	1,14.91	1,37.94
Sub-total	297,76.01	27,04.57	2,27.84	322,52.74	118,81.82	14,81.96	1,52.38	132,11.40	190,41.34	178,94.19
INTANGIBLE ASSETS										
Computer Software	1,62.25	77.64	—	2,39.89	1,25.06	34.87	—	1,59.93	79.96	37.19
Goodwill	3,23.92	—	—	3,23.92	1,45.56	32.46	—	1,78.02	1,45.90	1,78.36
Technical Know How	3,54.29	—	—	3,54.29	3,18.35	35.89	—	3,54.24	0.05	35.94
Trade Marks	2,03.95	—	—	2,03.95	98.39	20.44	—	1,18.83	85.12	1,05.56
Non-compete Fees & Marketing Network	7,86.69	—	—	7,86.69	3,54.16	78.83	—	4,32.99	3,53.70	4,32.53
Sub-total	18,31.10	77.64	—	19,08.74	10,41.52	2,02.49	—	12,44.01	6,64.73	789.58
Total	316,07.11	27,82.21	2,27.84	341,61.48	129,23.34	16,84.45	1,52.38	144,55.41	197,06.07	186,83.77
Previous Year's Total	295,91.99	21,40.26	1,25.14	316,07.11	113,58.09	16,48.39	83.14	129,23.34		
Capital Work In Progress									81,55.77	12,53.45
									278,61.84	199,37.22

Includes an amount of ₹ 750 (Previous Year – ₹ 750) representing the value of shares in a co-operative housing society.

NOTES FORMING PART OF THE ACCOUNTS

	Nos.	Face Value (₹)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 10				
NON-CURRENT INVESTMENTS				
AT COST				
TRADE INVESTMENTS				
EQUITY SHARES (fully paid-up)				
Unquoted:				
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10	2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10	2.00	2.00
In Subsidiary Company:				
Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	16,80,000	100	16,84.76	16,84.76
NON TRADE INVESTMENTS				
EQUITY SHARES (fully paid-up)				
Quoted:				
John Oakey & Mohan Ltd.	1,900	10	0.16	0.16
Unquoted:				
In Associate company :				
Saint-Gobain Glass India Ltd.	25,00,000	100	24,99.99	24,99.99
Saint-Gobain India Foundation	100	10	0.01	0.01
OTHER INVESTMENTS				
TAX FREE BONDS				
Quoted:				
8.20% 10 Years NHAI Tax Free Bonds	7,417	1,000	74.17	—
			<u>45,34.45</u>	<u>44,60.28</u>
NOTES:				
1. COST				
Quoted			74.33	0.16
Unquoted			44,60.12	44,60.12
2. MARKET VALUE				
Quoted			76.16	0.26
Note : 11				
LONG TERM LOANS & ADVANCES (Refer Note 17.1)				
(Unsecured and considered good)				
Capital Advances			18,39.71	1,92.00
Loans due from Directors of the Company			2,35.00	2,65.15
Deposits			5,53.67	4,38.91
Advances recoverable in cash or in kind or value to be received			2,35.11	2,26.96
(Unsecured and considered doubtful)				
Advances recoverable in cash or in kind or value to be received			83.25	54.72
Less: Provision for doubtful advances			<u>(83.25)</u>	<u>(54.72)</u>
			<u>28,63.49</u>	<u>11,23.02</u>

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 12			
OTHER NON-CURRENT ASSETS			
Trade Receivables			
(Unsecured and considered doubtful)			
Overdue by six months	3,41.35		3,08.63
Others	94.90		81.75
	<u>4,36.25</u>		<u>3,90.38</u>
Less: Provision for doubtful debts	<u>(4,36.25)</u>		<u>(3,90.38)</u>
		—	—
Accrued Interest		1.11	—
Other Receivables		<u>3,28.68</u>	<u>1,70.06</u>
		<u>3,29.79</u>	<u>1,70.06</u>
	Nos.	Face Value (₹)	
Note : 13			
CURRENT INVESTMENTS			
AT COST			
Unquoted:			
MUTUAL FUNDS			
Debt Funds - Fixed Maturity Plan - Growth Plan			
Reliance Fixed Horizon Fund - XVII Series 1 - Growth Plan	—	—	2,00.00
	(20,00,000)	(10)	
Kotak FMP 13M Series 6 - Growth	—	—	1,00.00
	(10,00,000)	(10)	
Taurus Fixed Maturity Plan 385 Days Series 1 - Institutional Growth	—	—	1,00.00
	(10,00,000)	(10)	
Religare FMP - Series II Plan B - 15 months	—	—	1,00.00
	(10,00,000)	(10)	
Axis Fixed Term Plan - Series 1 (384 Days) - Retail Growth	—	—	1,00.00
	(10,00,000)	(10)	
DSP BlackRock FMP 13M Series 2 - Growth	—	—	1,00.00
	(10,00,000)	(10)	
		—	<u>7,00.00</u>
DERIVATIVE FUNDS			
Kotak Equity Arbitrage Fund - Dividend	—	—	1,00.79
	(9,49,890)	(10)	
		—	<u>8,00.79</u>
NOTES:			
1. MUTUAL FUNDS			
Cost		—	8,00.79
Repurchase Price		—	8,44.26
2. Figures in brackets indicate that of previous year.			

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
CURRENT ASSETS			
Note : 14			
INVENTORIES			
Raw Materials		57,97.42	39,98.89
Raw Materials in Transit		14,73.31	11,46.38
Work-in-Process		30,70.06	25,96.43
Stores and Spare Parts		8,65.97	6,33.49
Finished Goods :			
Manufactured	35,99.97		33,91.68
Trading	11,92.71		7,12.43
		<u>47,92.68</u>	<u>41,04.11</u>
		<u>159,99.44</u>	<u>1,24,79.30</u>
Note : 15			
TRADE RECEIVABLES			
(Unsecured and considered good)			
Overdue by six months		57.51	2,44.96
Others		94,88.11	88,86.84
		<u>95,45.62</u>	<u>91,31.80</u>
Note : 16			
CASH & BANK BALANCES			
Cash & Cash Equivalents			
Cash and Cheques on hand	20,42.99		23,15.13
With Banks :			
Current Account	14,74.48		17,86.90
Deposit Account	16,03.26		51,02.25
With Liquid Mutual Funds	20,00.00		1,00.10
		<u>71,20.73</u>	<u>93,04.38</u>
Bank Balances			
Other Bank Balances :			
Margin money		1,27.31	1,00.68
Earmarked balances with Banks :			
Unpaid dividend	65.98		63.67
Unpaid FD Interest	—		0.35
		<u>65.98</u>	<u>64.02</u>
		<u>73,14.02</u>	<u>94,69.08</u>

NOTES FORMING PART OF THE ACCOUNTS

Note : 17

SHORT TERM LOANS & ADVANCES (Refer Note 17.1)

(Unsecured and considered good)

Advance Tax (Net of Provision for Income Tax)

Loans due from Directors of the Company

Advances recoverable in cash or in kind or value to be received

Demand Deposits with Excise and Customs Departments

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
—	206.01
30.00	30.00
15,96.42	705.52
9,20.70	6,91.04
<u>25,47.12</u>	<u>16,32.57</u>

Note : 17.1

The Company has not provided any loans and advances in the nature of loans to its subsidiary during the year (Previous Year - ₹ Nil) and hence disclosure under clause 32 of the listing agreement is not made.

Note : 18

OTHER CURRENT ASSETS

Accrued Interest

Other Receivables

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
23.08	25.33
7,61.64	5,90.07
<u>7,84.72</u>	<u>6,15.40</u>

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
Note : 19			
REVENUE FROM OPERATIONS			
Sale of Products (Gross) (Refer Note 19.1)	951,31.63		837,62.86
Service Income	17,07.12		12,00.45
Other Operating Revenue	5,18.98		3,97.81
		973,57.73	853,61.12
Less: Excise Duty		(66,97.84)	(56,87.74)
		906,59.89	796,73.38
Note : 19.1			
Sale of Products (Gross)			
Abrasives		654,15.92	583,28.94
Ceramics & Plastics		272,50.62	235,64.88
Others		24,65.09	18,69.04
		951,31.63	837,62.86

The Sales value mentioned above includes sale of bought out goods of ₹ 87,75.92 Lacs (Previous Year - ₹ 69,73.58 Lacs) & excludes captive consumption.

	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
Note : 19.2			
Earnings in Foreign Exchange :			
(i) Exports of goods on FOB Basis		70,57.74	71,07.64
(ii) Freight on Exports		64.99	71.76
(iii) Insurance on Exports		0.09	0.05
(iv) Commission		12.80	18.85
(v) Export of Services		12,43.75	8,04.68
(vi) Other Income		3,25.91	2,29.10
Note : 20			
OTHER INCOME			
Interest Income			
From Long term Investments (Non trade)	1.11		2.52
From Others	1,41.94		78.66
		1,43.05	81.18
Dividend Income from Current Investments/Liquid Mutual Funds		4,04.85	3,62.10
Profit on sale of Investments		63.57	—
Other Non-operating income		7,67.97	6,98.17
		13,79.44	11,41.45

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
Note : 21			
COST OF RAW MATERIALS CONSUMED			
(Refer Notes 21.1 & 21.2)			
Opening Stock of			
Raw Materials	39,98.89		29,03.18
Raw Materials in Transit	11,46.38		10,25.91
		51,45.27	39,29.09
Add: Purchases		364,66.16	314,87.10
Less: Closing Stock of			
Raw Materials	(57,97.42)		(39,98.89)
Raw Materials in Transit	(14,73.31)		(11,46.38)
		(72,70.73)	(51,45.27)
		343,40.70	302,70.92

Note : 21.1

Value of Raw Materials Consumed :

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	%	(₹ Lacs)	%	(₹ Lacs)
(i) Imported Raw Materials	62.88	231,95.89	55.92	182,47.72
(ii) Indigenous Raw Materials	37.12	136,94.16	44.08	143,82.02
	100.00	368,90.05	100.00	326,29.74

Note : 21.2

Value of Raw Materials Consumed:

	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
(i) Abrasive Grains	101,52.33	97,73.11
(ii) Carbon Materials	8,81.64	8,66.96
(iii) Others	2,58,56.08	219,89.67
	368,90.05	326,29.74

Note: Raw Materials Consumed includes captive consumption.

NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
Note : 22			
PURCHASE OF TRADING GOODS			
Abrasives		59,95.86	48,54.31
Ceramics & Plastics		7,00.01	10,94.19
Others		7,78.07	7,93.29
		<u>74,73.94</u>	<u>67,41.79</u>
Note : 23			
CHANGE IN INVENTORIES			
Opening Stock of			
Finished Goods :			
– Manufactured	33,91.68		25,94.99
– Trading	7,12.43		3,76.10
Work-in-Process	<u>25,96.43</u>		<u>20,00.18</u>
		67,00.54	49,71.27
Less : Closing Stock of			
Finished Goods :			
– Manufactured	(35,99.97)		(33,91.68)
– Trading	(11,92.71)		(7,12.43)
Work-in-Process	<u>(30,70.06)</u>		<u>(25,96.43)</u>
		(78,62.74)	(67,00.54)
		<u>(11,62.20)</u>	<u>(17,29.27)</u>
Note : 24			
EMPLOYEE BENEFIT EXPENSES (Refer Note 24.1)			
Salaries, Wages, Bonus and Gratuity		80,19.15	71,99.05
Contribution to Provident and other Funds		4,97.59	4,46.60
Staff Welfare		9,69.17	7,85.80
		<u>94,85.91</u>	<u>84,31.45</u>

NOTES FORMING PART OF THE ACCOUNTS

Note : 24.1

Disclosure under AS-15 (Revised 2005) :

Employee Benefits :

I. Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognised as expense for the year are as under:

Employers' Contribution to Provident Fund

Employers' Contribution to Superannuation Fund

II. Defined Benefit Plan

Contribution to Gratuity Fund

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2012:

	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
	2,91.85	2,64.70
	1,12.18	1,07.62

Change in present value of obligation

Opening Balance

Interest Cost

Service Cost

Benefits Paid

Cost of Plan Amendment

Actuarial (gain)/loss on obligation

Closing Balance

Change in plan assets

Opening Balance

Expected return on plan assets

Contributions

Benefits paid

Actuarial gain/(loss) on plan assets

Closing Balance

Net gratuity cost for the year

Current Service Cost

Interest Cost

Expected return on plan assets

Past Service Cost

Net Actuarial (gain)/loss to be recognised

Net Gratuity Cost

Amount recognised in the Balance Sheet

Present value of obligation

Fair value of plan assets

Net obligation

	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
	23,61.15	19,92.60
	2,00.70	1,63.78
	1,41.67	1,16.30
	(1,22.98)	(1,23.31)
	—	—
	1,10.50	2,11.78
	26,91.04	23,61.15
	22,99.54	18,41.00
	2,09.11	1,74.89
	3,35.00	4,06.82
	(1,22.98)	(1,23.31)
	(5.64)	0.14
	27,15.03	22,99.54
	1,41.67	1,16.30
	2,00.70	1,63.78
	(2,09.11)	(1,74.89)
	—	—
	1,16.14	2,11.64
	2,49.40	3,16.83
	26,91.04	23,61.15
	(27,15.03)	(22,99.54)
	(23.99)	61.61

Assumptions used in accounting for the gratuity plan

Discount Rate

Salary escalation rate

Expected rate of return on plan assets

	%	%
	8.50	8.25
	7.00	7.00
	8.50	8.00

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets.

NOTES FORMING PART OF THE ACCOUNTS

Note : 25

FINANCE COST

Interest on Loans/Deposits

	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
Interest on Loans/Deposits	36.69	28.25
Note : 26		
OTHER EXPENSES		
Stores and Spare Parts Consumed (Refer Note 26.1)	22,07.62	19,06.29
Processing Charges	21,58.07	20,78.69
Power and Fuel (Refer Note 6.1)	56,75.94	56,69.38
Freight, Octroi and Packing Expenses	46,29.69	43,04.14
Repairs and Maintenance :		
Buildings	95.22	2,55.05
Machinery	2,59.96	3,77.16
Others	2,23.18	2,00.14
	5,78.36	8,32.35
Rent	2,42.69	1,87.15
Rates and Taxes	1,43.21	1,08.09
Insurance	1,30.05	1,01.45
Travelling and Conveyance	11,67.25	11,51.58
Commission and Discount on Sales	28,37.52	24,10.32
Royalties	7,21.56	5,60.15
Loss on assets discarded/sold (Net)	72.61	24.28
Loss on Sale of Current Investments	—	0.66
External Service Charges	14,14.78	9,31.25
Bad Debts/Provision for Doubtful Debts	61.75	47.50
Miscellaneous Expenses (Refer Note 26.2 & 26.3)	32,57.43	25,57.70
	252,98.53	228,70.98

Note : 26.1

Value of Stores & Spares Consumed :

(i) Imported Stores & Spares

(ii) Indigenous Stores & Spares

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	%	(₹ Lacs)	%	(₹ Lacs)
(i) Imported Stores & Spares	1.57	34.61	1.60	30.50
(ii) Indigenous Stores & Spares	98.43	21,73.01	98.40	18,75.79
	100.00	22,07.62	100.00	19,06.29

NOTES FORMING PART OF THE ACCOUNTS

Note : 26.2

Miscellaneous Expenses include :

Amounts paid to Auditors :

	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
(i) Audit Fees	13.00	13.00
(ii) Audit under other Statutes	2.00	2.25
(iii) Tax representation before Authorities	2.97	6.37
(iv) Certification	8.31	5.05
(v) Reimbursement of Expenses	1.34	2.04

Note : 26.3

Excise duty deducted from turnover represents amount of excise duty collected by the Company on sale of goods manufactured by the Company. Excise duty of ₹ 3,14.22 Lacs (Previous Year – ₹ 2,22.42 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses.

Note : 27

EARNINGS PER SHARE :

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
(a) Profit after tax (₹ Lacs)	103,62.64	85,62.86
(b) Weighted Average Number of Equity Shares outstanding (Nominal Value of Shares ₹ 5)	5,53,60,000	5,53,60,000
(c) Earnings per share (Basic & Diluted) in ₹	18.72	15.47

Note : 28

CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
(a) Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	8,35.62	7,33.18
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	2,49.42	2,90.78
(c) Claims against the Company under the Labour Laws for disputed cases	1,00.73	90.00
(d) Guarantees given by Banks, of which ₹ 4,28.44 Lacs (Previous Year – ₹ 2,86.37 Lacs) are counter guaranteed by the Company	4,28.44	2,86.37
(e) Guarantees given on behalf of Subsidiary Company	8,39.08	8,39.08
(f) Letters of credit issued by banks on behalf of the Company	1.89	1,18.14
(g) Non-Agricultural Land Cess	37.79	35.97
(h) Other Claims against the Company not acknowledged as debts	1,12.04	2,94.39
(i) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	26,27.55	24,40.22
(j) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	6,95.48	6,01.01
(k) Demand raised by A.P Transco for fuel surcharge adjustment for FY 2008-09, disputed by the Company & subjudice in Honourable Supreme Court	1,64.00	—
(l) Income Tax liability on account of disputed disallowances	91.25	20.17

NOTES FORMING PART OF THE ACCOUNTS

Note : 29

COMMITMENTS :

Capital Commitments
Subscription to Equity Shares of Subsidiary Company

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
31,35.67	7,63.63
3,50.00	—
For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
269,13.56	228,44.87
1,16.90	79.34
34,37.34	2,02.16
10,01.13	5,60.67

Note : 30

VALUE OF IMPORTS ON CIF BASIS :

- (i) Raw Materials & Trading Goods
- (ii) Spare Parts
- (iii) Capital Goods
- (iv) Others

Note : 31

Exchange difference arising on foreign currency transactions amounting to ₹ 21.06 Lacs (Net Loss) (Previous Year – ₹ 1,69.78 Lacs Net Gain) has been accounted under respective heads.

For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
42.47	19.51
79.70	82.79
7,14.83	5,17.54
1,46.70	91.69
17,04.84	17,04.84
2	2
2,84,14,000	2,84,14,000
2010-11	Jan 2009- Mar 2010

Note : 32

EXPENDITURE IN FOREIGN CURRENCY : (₹ Lacs)

- (i) Export Sales Commission
- (ii) Foreign Travel
- (iii) Royalties
- (iv) Others

Note : 33

AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF :

Dividend (₹ Lacs)
Number of Non-Resident Shareholders
Number of Shares held
Period to which Dividend relates

Note : 34

The Company uses forward contracts to hedge its risk associated with foreign currency fluctuations relating to firm commitments and forecasted transactions. The Company does not enter into forward exchange contracts which are intended for speculative purposes.

Following are the outstanding forward contracts as at 31st March, 2012 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs	Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	42 (19)	50.53 (56.29)	25,74.20 (25,16.31)	JPY	2 (—)	13.83 (—)	8.61 (—)
EURO	20 (6)	16.20 (9.62)	11,09.68 (6,09.81)	AUD	2 (—)	0.18 (—)	9.65 (—)
GBP	1 (1)	0.49 (0.62)	39.29 (44.21)				

Previous Year's figures are in brackets.

The Indian Rupee equivalent is arrived at by converting the forward contracts at the spot rate as at 31st March, 2012. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2012 is ₹ 5,30.82 Lacs (Previous Year ₹ 5,85.32 Lacs).

NOTES FORMING PART OF THE ACCOUNTS

Note : 35

RELATED PARTY DISCLOSURE :

1. Relationships :

(i) **HOLDING COMPANY :**

Compagnie de Saint-Gobain

(ii) **FELLOW SUBSIDIARIES :**

(a) Saint-Gobain Abrasives Inc., USA

(b) Societe de Participations Financieres et Industrielles

(iii) **SUBSIDIARY COMPANY :**

Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.

(iv) **ASSOCIATE COMPANIES :**

ABC Superabrasives, USA

Certaineed Corporation, USA

L.M.Van Moppes Diamond Tools India Pvt. Ltd.

Norton Abrasives PTY Ltd.

PT Saint-Gobain Norton Hamplas, Indonesia

PT Saint-Gobain Winter Diamas, Indonesia

Saint-Gobain Ceramics

Saint-Gobain Ceramics & Plastics, Inc.

Saint-Gobain PAM (France)

Saint-Gobain Abrasives Ltd.

Saint-Gobain Abrasives, Poland

Saint-Gobain Ceramiques Informatique Et Organisation

Saint-Gobain DSI Groupe

Saint-Gobain Industriekeramik Rodental GMBH

Saint-Gobain Abrasifs Dubai

Saint-Gobain Abrasifs Maroc, Morocco

Saint-Gobain Abrasifs, France

Saint-Gobain Abrasive International Trading (Shanghai)

Saint-Gobain Abrasives (Aust) PTY Ltd.

Saint-Gobain Abrasives (PTY) Ltd., South Africa

Saint-Gobain Abrasives (Sea) Pte. Ltd.

Saint-Gobain Abrasives (Shanghai) Co. Ltd., Shanghai

Saint-Gobain Abrasives (Suzhou) Co. Ltd.

Saint-Gobain Abrasives BV., Netherlands

Saint-Gobain Abrasives GMBH (CORA)

Saint-Gobain Abrasives GMBH, Gerolzhofen., Germany

Saint-Gobain Abrasives International Trading (HK) Ltd.

Saint-Gobain Abrasives Korea

Saint-Gobain Abrasives Ltd – Stafford-UK

Saint-Gobain Abrasives Ltd., New Zealand

Saint-Gobain Abrasives Ltda., Brazil

Saint-Gobain Abrasives Ltda., Portugal

Saint-Gobain Abrasives Singapore (PTE) Ltd.

Saint-Gobain Abrasives SP. Z.O.O.

Saint-Gobain Abrasives SP.Z

Saint-Gobain Abrasives, Thailand

Saint-Gobain Abrasives, Indonesia

Saint-Gobain Abrasivi S.P.A.(Micromold)

Saint-Gobain Abrasivi S.P.A.(Ral-Sud)

Saint-Gobain Abrasivi S.P.A., Italy

Saint-Gobain Abrasivos SA, Argentina

Saint-Gobain Do Brasil Produtos Ind. E Para Const Ltda.

Saint-Gobain Formula Thai Gypsum Product

Saint-Gobain Gelva, BV

Saint-Gobain Glass Egypt

Saint-Gobain Glass India Ltd.

Saint-Gobain Gyproc India Ltd.

Saint-Gobain High Performance Materials, France

Saint-Gobain Industrial Ceramics Pty Ltd.

Saint-Gobain Industrie Keramik Dusseldorf GMBH

Saint-Gobain Materials Ceramicos Ltda. Brazil

Saint-Gobain Materials Ceramicos, Venezuela

Saint-Gobain Materiaux Ceramiques, Belgium

Saint-Gobain Performance Plastics Portage

Saint-Gobain Performance Plastics, New Jersey, USA

Saint-Gobain Performance Plastics, Worcester, USA

Saint-Gobain PPL Corp

Saint-Gobain PPL Corporation Mexico

Saint-Gobain PPL Seoul

Saint-Gobain Sekurit India Ltd.

Saint-Gobain Sekurit (Thailand) Co., Ltd.

Saint-Gobain Seva Engineering India Limited

Saint-Gobain Seva, France

Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.

Saint-Gobain Technical Fabrics, S.A

Saint-Gobain Universal Superabrasives, Inc.

Saint-Gobain Vibros S.A.

Savoi Refractories

SEPR Refractories India Ltd.

SEPR, France

Saint-Gobain Advanced Ceramics (Shanghai) Co. Ltd.

Saint-Gobain Materiaux Ceramiques Benelux SA

Saint-Gobain Performance Plastics – Bristol

Saint-Gobain Performance Plastics (SHANGHAI) Co. Ltd.

Saint-Gobain Performance Plastics Corby, UK

Saint-Gobain Performance Plastics KK, JAPAN

Saint-Gobain Performance Plastics Pampus GMBH

Saint-Gobain Performance Plastics Verneret, France

Saint-Gobain Performance Plastics, Akron, USA

Saint-Gobain Performance Plastics, Beaverton, USA

Saint-Gobain Performance Plastics, Chainieux, Belgium

Saint-Gobain Performance Plastics, Florida, USA

NOTES FORMING PART OF THE ACCOUNTS

Note : 35 RELATED PARTY DISCLOSURE (Continued):

Saint-Gobain Advanced Materials (M) SDN BHD	Saint-Gobain Performance Plastics, Garden Grove, USA
Saint-Gobain Advanced Materials (Taiwan) Co. Ltd.	Saint-Gobain Performance Plastics, Granville, USA
Saint-Gobain Cera Mat (Lianyungang) Co	Saint-Gobain Performance Plastics, Ireland
Saint-Gobain Ceramic Materials (Liyanguang) Co. Ltd., China	Saint-Gobain Performance Plastics, Kontich, Belgium
Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	Saint-Gobain Performance Plastics, Mickleton, USA
Saint-Gobain Ceramic Materials AS., Norway	Saint-Gobain Performance Plastics, New York, USA
Saint-Gobain Ceramic Materials, USA	Saint-Gobain Performance Plastics, Pittsburg, USA
Saint-Gobain Ceramicas Industrialces S.A, Spain	Saint-Gobain Performance Plastics, Poestenkill, USA
Saint-Gobain Ceramicas Industriales S.A.	Saint-Gobain Performance Plastics, Rencol., UK
Saint-Gobain Ceramics & Plastics, Brazil	Saint-Gobain Performance Plastics, Taiwan
Saint-Gobain Ceramics Inc, USA	Saint-Gobain Performance Plastics, Gembloux, Belgium
Saint-Gobain Crystals & Detectors India Ltd.	Universal Superabrasives., USA
Saint-Gobain Diamantwerkzeuge GMBH & Co.	

(v) **KEY MANAGEMENT PERSONNEL :**

A. Y. Mahajan - Managing Director

J.A.J. Pereira - Executive Director - Human Resources & Corporate Services

2. The following transactions were carried out with the related parties in the ordinary course of business :

(i) Details relating to parties referred to in items 1(i) (ii) (iii) and (iv) above :

(₹ Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries		Subsidiary Company		Associate Companies	
		For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
1.	Sales	—	—	296.14	98.18	—	—	17,60.64	23,99.92
2.	Agency Commission received	—	—	—	—	—	—	12.80	18.85
3.	Service Income	—	—	—	95.31	49.64	—	13,28.61	6,87.61
4.	Other Income	67.50	77.40	64.53	29.23	1,65.82	1,43.30	2,85.24	2,25.07
5.	Purchase of Goods	—	—	12,13.64	5,75.96	52,90.30	44,97.02	110,38.52	91,67.26
6.	Expenses charged to other companies	11.03	1,59.95	—	—	50.16	27.47	15,13.77	1,76.34
7.	Expenses charged by other companies	2,78.51	1,47.21	—	—	—	—	1,74.76	78.70
8.	Royalty Paid	—	—	4,85.20	3,57.12	—	—	2,29.63	1,60.38
9.	Other Expenses	—	—	—	—	—	—	16.70	16.30
10.	Purchase/ Transfer of Fixed Assets	—	—	—	—	—	—	4,70.92	6.98
11.	Dividend Paid	—	—	17,04.84	17,04.84	—	—	9.00	9.00
12.	Outstanding receivables (net of payables)*	—	—	(1,74.95)	(2,71.72)	67.16	19.37	(12,32.87)	(7,64.20)
13.	Outstanding deposits*	—	—	—	—	—	—	39.00	39.00

* Closing balance

NOTES FORMING PART OF THE ACCOUNTS

Note : 35 RELATED PARTY DISCLOSURE (Continued) :

(ii) Details relating to persons referred to in item 1(v) above :

	For the Year Ended/ As at 31st March, 2012 ₹ Lacs	For the Year Ended/ As at 31st March, 2011 ₹ Lacs
Remuneration	4,72.78	4,07.34
Outstanding Loan	2,65.00	2,95.15
Commission Payable	1,54.36	1,30.58

(iii) Significant transactions with related parties :

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2012 ₹ Lacs	For the Year Ended 31st March, 2011 ₹ Lacs
1.	Sales	Saint-Gobain Abrasaives (Aust) Pty. Ltd.	—	371.41
		Saint-Gobain Abrasives, Inc. USA	296.14	98.18
		Saint-Gobain Abrasives SP. Z.O.O.	4,02.36	—
		Saint-Gobain Ceramic Materials AS., Norway	3,27.92	—
		Saint-Gobain Glass India Ltd.	4,03.20	—
		Saint-Gobain Abrasives (Suzhou) Co. Ltd.	—	5,42.96
2.	Agency Commission received	Certainteed Corporation, USA	10.33	15.56
		Saint-Gobain Diamantwerkzeuge GMBH & Co	2.47	—
3.	Service Income	Saint-Gobain Glass India Ltd.	—	83.75
		Saint-Gobain PAM, France	—	1,15.64
		Saint-Gobain Glass, France	—	1,11.18
		Saint-Gobain Abrasives Inc., USA	—	95.31
		Saint-Gobain DSI Groupe	3,94.62	1,64.67
		Saint-Gobain Ceramiques Informatique Et Organisation	265.19	79.48
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	49.64	—
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	—
4.	Other Income	Compagnie de Saint-Gobain (Liaison Office)	67.50	77.40
		Saint-Gobain SEVA Engineering India Ltd.	55.15	55.15
		Saint-Gobain Abrasives Inc., USA	64.53	29.23
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	1,65.82	1,43.30
		Saint-Gobain Gyproc India Ltd.	1,51.33	1,39.27
		Saint-Gobain Glass India Ltd.	34.44	—
5.	Purchase of Goods	Saint-Gobain Abrasives (Shanghai) Co. Ltd.	16,31.87	9,90.40
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	52,90.30	44,97.02
		Saint-Gobain Materials Ceramicos Ltda. Brazil	21,37.79	17,08.45
		Saint-Gobain Abrasives Inc., USA	12,13.64	5,75.96

NOTES FORMING PART OF THE ACCOUNTS**Note : 35 RELATED PARTY DISCLOSURE (Continued) :**

(iii) Significant transactions with related parties (Continued) :

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2012 ₹ Lacs	For the Year Ended 31st March, 2011 ₹ Lacs
6.	Expenses charged to other companies	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain Gyproc India Ltd. Saint-Gobain Glass India Ltd. Saint-Gobain SEVA Engineering India Ltd. Compagnie de Saint-Gobain (Liaison Office) Saint-Gobain Glass Egypt	50.16 1,96.17 5,74.70 — 11.03 —	27.47 — 15.63 72.63 1,59.95 15.43
7.	Expenses charged by other companies	Compagnie de Saint-Gobain (Liaison Office) Saint-Gobain Glass India Ltd. Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	2,78.51 1,19.13 20.75	1,47.21 52.74 —
8.	Royalty Paid	Saint-Gobain Abrasives Inc., USA Saint-Gobain Abrasifs, France SEPR, France	4,85.20 1,59.09 70.54	3,57.12 1,16.01 44.37
9.	Other Expenses	Saint-Gobain Abrasifs, France	16.70	16.30
10.	Purchase/Transfer of Fixed Assets	Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd. Saint-Gobain Ceramicas Industrialces S.A, Spain Saint-Gobain Advanced Ceramics (Shanghai) Saint-Gobain PPL Seoul Saint Gobain Abrasives, Poland Saint-Gobain Industrie Keramik Dusseldorf GMBH	1,74.45 — — 50.85 1,35.88 55.95	— 4.41 2.25 — — —
11.	Dividend Paid	Saint-Gobain Abrasives Inc., USA Societe de Participations Financieres et Industrielles Saint-Gobain Glass Ltd.	8,89.07 8,15.77 9.00	8,89.07 8,15.77 9.00

Note : 36

Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the figures of financial statements for the year ended 31st March, 2011 have been reclassified as per Revised Schedule VI, to conform to current year's classification.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax after Exceptional Item		148,97.91		125,68.86
Adjustments for :				
Depreciation	16,67.85		16,31.85	
Unrealised Foreign Exchange (Gain)/Loss (Net)	22.91		(26.62)	
Loss on assets discarded/sold (Net)	72.61		24.28	
Loss/(Profit) on Sale of Investments	(63.57)		0.66	
Dividend Received	(4,04.85)		(3,62.10)	
Interest (Net)	(1,06.36)	11,88.59	(52.93)	12,15.14
Operating Profit Before Working Capital Changes		160,86.50		137,84.00
Adjustments for :				
Trade and other Receivables	(19,45.75)		(9,28.06)	
Inventories	(35,20.14)		(31,24.29)	
Trade and other Payables	44,42.66	(10,23.23)	18,47.12	(22,05.23)
Cash Generated from Operations		150,63.27		115,78.77
Direct Taxes Paid (Net of Tax Refund)		(40,07.86)		(37,58.79)
Net cash from Operating Activities		110,55.41		78,19.98
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(106,57.74)		(28,65.67)	
Sale of Fixed Assets	2.85		17.72	
Proceeds of Sale of Investments	864.36		1,49.34	
Purchase of Investments	(74.17)		(3,00.00)	
Investment in a subsidiary	—		(98.09)	
Interest Received	1,44.19		80.58	
Dividend Received	4,04.85		3,62.10	
Net cash flow used in investing activities before extraordinary item		(93,15.66)		(26,54.02)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012 (Continued)

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest	(36.69)		(28.25)	
Dividends Paid	(33,21.60)		(33,12.95)	
Tax on Dividend	(5,38.84)		(5,51.68)	
Margin Money and Others	(26.27)		—	
Net cash used in Financing Activities		(39,23.40)		(38,92.88)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(21,83.65)		12,73.08
CASH AND CASH EQUIVALENTS – OPENING BALANCE				
Cash and Bank Balances	92,04.28		80,31.30	
Cash Equivalents (Investment in Liquid Mutual Funds)	1,00.10	93,04.38	—	80,31.30
CASH AND CASH EQUIVALENTS – CLOSING BALANCE				
Cash and Bank Balances	51,20.73		92,04.28	
Cash Equivalents (Investment in Liquid Mutual Funds)	20,00.00	71,20.73	1,00.10	93,04.38
		(21,83.65)		12,73.08

- NOTES : 1. The Company has undrawn borrowing facilities amounting to ₹ 26,00 Lacs (Previous Year – ₹ 26,00 Lacs).
2. Previous Year's figures have been regrouped to conform with the current year's presentation.

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Mumbai: 23rd May, 2012

For and on behalf of board of directors of
Grindwell Norton Limited

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 23rd May, 2012

Information regarding Saint-Gobain Ceramic Materials Bhutan Private Limited as required by Letter No. 47/107/2011-CL-III dtd. 9th February, 2011 :

	As at/For the Year ended 31st December, 2011 (₹ Lacs)
Capital	24,00.00
Reserves	(4,76.39)
Total Assets	49,41.13
Total Liabilities	49,41.13
Investments (except subsidiaries)	NIL
Turnover	50,69.76
Profit before Tax	(1,47.06)
Provision for Tax	NIL
Profit after Tax	(1,47.06)
Proposed Dividend	NIL

Statement regarding Subsidiary Company pursuant to Section 212 of the Companies Act, 1956 :

1. Name of the Subsidiary	Saint-Gobain Ceramic Materials Bhutan Private Limited	
2. The Company's interest in the subsidiary	As at 31st December, 2011	As at 31st December, 2010
a. Number of Equity Shares	16,80,000	16,80,000
Total Number of Shares	24,00,000	24,00,000
b. Face Value	Nu 100	Nu 100
c. Extent of Holding	70.00%	70.00%
3. Net aggregate profits/(loss) of the subsidiary company so far as it concerns the members of the Company	For the Year ended 31st December, 2011 (₹ Lacs)	For the Year ended 31st December, 2010 (₹ Lacs)
A. For the current financial year		
i. Not dealt with in the books of account of the Company	(1,47.06)	(1,40.91)
ii. Dealt with in the books of account of the Company	—	—
B. For the subsidiary company's previous financial years since it became a subsidiary		
i. Not dealt with in the books of account of the Company	(3,29.33)	(1,88.42)
ii. Dealt with in the books of account of the Company	—	—

A. C. CHAKRABORTTI Chairman
A. Y. MAHAJAN Managing Director
K. VISWESWARAN Company Secretary

Mumbai: 23rd May, 2012

REPORT OF THE AUDITORS

TO THE BOARD OF DIRECTORS OF
GRINDWELL NORTON LIMITED

1. We have audited the attached Consolidated Balance Sheet of **GRINDWELL NORTON LIMITED** ('the Company') and its subsidiary (collectively referred as 'the Group'), as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect the total assets (net) of ₹ 34,93.05 Lakh as at 31st March, 2012, and the total revenues of ₹ 53,09.88 Lakh and net cash outflows amounting to ₹ 0.39 Lakh for the year ended 31st March, 2012 as considered in the Consolidated Financial Statements. These financial statements have not been audited and have been consolidated on the basis of accounts certified by the Management and in our opinion,

so far as it relates to the amounts included in respect of the subsidiary is based solely on the accounts certified by the Management.

4. We report that the Consolidated Financial Statements have been prepared by the Management of the Company in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the certified accounts of the Management on separate financial statements, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No. 104607W

E. K. IRANI
PARTNER
(Membership No. 35646)

Place: Mumbai
Dated: 23rd May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

	Notes	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	27,68.00		27,68.00
Reserves and Surplus	5	433,51.30		372,54.74
			461,19.30	400,22.74
			5,78.49	5,90.11
MINORITY INTEREST				
NON-CURRENT LIABILITIES				
Long Term Borrowings	6	15,55.63		18,26.43
Deferred Tax Liability (Net)	7	10,80.05		9,07.78
Long Term Liabilities	8	5,80.97		4,64.72
Long Term Provisions	9	15,23.24		15,55.66
			47,39.89	47,54.59
CURRENT LIABILITIES				
Short Term Borrowings	10	3,35.39		2,78.53
Trade Payables	10	70,25.43		56,51.37
Other Current Liabilities	10	109,81.10		73,71.59
Short Term Provisions	11	45,38.13		39,79.65
			228,80.05	172,81.14
			743,17.73	626,48.58
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
Tangible Assets	12	225,76.58		218,77.37
Intangible Assets	12	6,64.73		7,89.58
Capital Work in Progress	12	84,53.86		12,60.54
			316,95.17	239,27.49
Non-Current Investments	13		28,49.69	27,75.52
Long Term Loans & Advances	14		28,76.80	11,35.92
Other Non-Current Assets	15		1.11	—
CURRENT ASSETS				
Current Investments	16	—		8,00.79
Inventories	17	165,91.00		131,50.24
Trade Receivables	18	95,45.62		91,31.80
Cash & Bank Balances	19	73,23.46		94,78.66
Short Term Loans & Advances	20	27,27.14		17,06.94
Other Current Assets	21	7,07.74		5,41.22
			368,94.96	348,09.65
			743,17.73	626,48.58
Significant Accounting Policies	3			

The accompanying notes (1 to 37) are integral part of the financial statements

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Mumbai: 23rd May, 2012

For and on behalf of board of directors of
Grindwell Norton Limited

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 23rd May, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

	Notes	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
INCOME					
Revenue from operations (Net)	22		906,32.10		796,77.00
Other Income	23		12,12.70		10,06.54
				918,44.80	806,83.54
EXPENDITURE					
Cost of Raw Materials Consumed	24		310,02.39		276,58.44
Purchase of Trading Goods	25		74,73.94		67,41.79
Change in Inventories	26		(10,56.22)		(18,00.60)
Employee benefit expenses	27		96,60.84		85,61.26
Finance Cost	28		3,17.86		3,41.71
Depreciation	12	21,60.19			21,20.55
Less: Transfer from Revaluation Reserve		(16.60)			(16.54)
			21,43.59		21,04.01
Other Expenses	29		274,83.44		247,97.40
				770,25.84	684,04.01
Profit Before Tax				148,18.96	122,79.53
Tax Expenses:					
(1) Current Tax			43,63.00		39,06.59
(2) Deferred Tax			1,72.27		99.41
				45,35.27	40,06.00
Profit After Tax				102,83.69	82,73.53
Basic & Diluted Earnings Per Share (in ₹)	30			18.58	14.94
Significant Accounting Policies	3				

The accompanying notes (1 to 37) are integral part of the financial statements

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Mumbai: 23rd May, 2012

For and on behalf of board of directors of
Grindwell Norton Limited

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 23rd May, 2012

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 1

BASIS OF CONSOLIDATION :

The Consolidated Financial Statements relate to Grindwell Norton Limited and its subsidiary company, Saint-Gobain Ceramic Materials Bhutan Private Limited, a company incorporated in Bhutan in which the Company has 70% equity holding. The financial statements of the subsidiary company for the year ended 31st March, 2012 have not been audited and have been considered in the Consolidated Financial Statements based on the unaudited financial statements certified by the Management. The Consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

Note : 2

PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements have been prepared on the following basis :

- (a) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- (b) “Minority Interest” represents the amount of equity attributable to minority shareholders at the date on which investment in the subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of the subsidiary over the amount of equity attributable to the minority on the date of investment is reflected under “Reserves and Surplus”. Minority interest’s share of net profit/loss for the year of the subsidiary is identified and adjusted against the profit after tax of the group.
- (c) Intra-group balances and intra-group transactions and resulting unrealised profits have been eliminated.

Note : 3

SIGNIFICANT ACCOUNTING POLICIES :

Method of Accounting :

The accounts are prepared on the historical cost convention. Expense and income are accounted for on accrual basis.

Fixed Assets :

Fixed Assets are stated at cost, except those Tangible Assets which were revalued as on 30th June, 1988 are stated at revalued amounts.

Investments :

- (a) Non-Current Term Investments are valued at cost less provision for diminution in value, if the diminution is other than temporary.
- (b) Current Investments are stated at lower of cost and fair value.

Inventories :

Inventories are valued at lower of cost and net realisable value. The cost is arrived at on a weighted average basis.

Revenue Recognition :

Sales are recognised at the point of despatch of goods to customers. Sales are inclusive of Excise Duty but net of Trade Discounts and Sales Tax. Service Income is recognised when the service is rendered.

Foreign Currency Transactions :

Transactions in foreign currency are translated at rates of exchange prevailing on the date the transactions are recorded. The outstanding amounts are converted at the year end at the rates prevailing on that date and the difference arising on conversion is accounted for in the books of account. In case of forward exchange contracts, the difference between the transaction rate and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Expenditure on New Projects :

Expenditure directly relating to the construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of indirect construction cost to the extent to which the expenditure is related to the construction or is incidental thereto. Income attributable to the project is deducted from the total of the indirect expenditure.

Employee Benefits :

- (a) **Short term employee benefits :** All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(b) Post-employment benefits :

(i) **Defined Contribution Plans** : Payments made to defined contribution plans such as Provident Fund and Superannuation are charged as an expense as they fall due.

(ii) **Defined Benefit Plans** : The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit & Loss.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis.

Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

(iii) **Other long term employee benefits** : Other long-term employee benefit viz., leave encashment is recognised as an expense in the Statement of Profit and Loss as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefit is charged to the Statement of Profit and Loss.

Research & Development :

(a) Revenue Expenditure on Research & Development is charged under respective heads of account.

(b) Capital Expenditure on Research & Development is included as part of the relevant Fixed Assets.

Borrowing Costs :

Borrowing costs incurred by the Company on an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset.

Depreciation/Amortisation :

On Tangible Assets :

(a) Depreciation on cost of assets is provided on Straight Line Method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956, except for the following :

(i) Computers are depreciated over 4 years.

(ii) Specific Kilns are depreciated over 5 years, being the estimated useful life of these assets.

(b) Depreciation on revalued amounts is provided on Straight Line Method based on the residual life of the said assets and adjusted to Revaluation Reserve.

(c) Leasehold Improvements is depreciated over the lease period or over its useful life if less than the lease period.

(d) Cost of Leasehold Land is amortised over the period of the lease.

(e) Depreciation on fixed assets of the subsidiary is provided at the rates prevalent under the relevant law of that country.

On Intangible Assets :

Intangible assets are amortised on the Straight Line basis over the useful life, based on the economic benefits that would be derived, as per the estimates made by the Management:

(i) Computer Software : 3 Years

(ii) Goodwill : 10 Years

(iii) Technical Know-how : 5 Years

(iv) Trademark : Licence Period/10 Years (whichever is lower)

(v) Other Intangibles : 10 Years

Impairment :

The Cash Generating Units are evaluated at the balance sheet date to ascertain the estimated recoverable amount/value in use as against the Written Down Value. Impairment loss, if any, is recognised whenever the Written Down Value exceeds estimated recoverable amount/value in use.

Deferred Tax :

Deferred Tax Assets and Liabilities are based on timing differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.

Provisions and Contingencies :

(a) Provisions are recognised based on the best estimate of probable outflow of resources which would be required to settle obligations arising out of past events.

(b) Contingent liabilities not provided for as per (a) above are disclosed in notes to accounts and contingent assets are not recognised.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 4

SHARE CAPITAL

AUTHORISED

5,60,00,000 Equity Shares of ₹ 5/- each

ISSUED, SUBSCRIBED AND PAID-UP

5,53,60,000 Equity Shares of ₹ 5/- each, fully paid-up

(Refer Notes 4.1 to 4.4)

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
<u>28,00.00</u>	<u>28,00.00</u>
<u>27,68.00</u>	<u>27,68.00</u>
<u>27,68.00</u>	<u>27,68.00</u>

Note : 4.1

Shares held by Subsidiaries of the Ultimate Holding Company (Compagnie de Saint-Gobain) are as below:

Saint Gobain Abrasives Inc.

Societe de Participations Financieres et Industrielles

Saint-Gobain Glass India Ltd.

Total

As at 31st March, 2012		As at 31st March, 2011	
Number of Shares held	% of Holding	Number of Shares held	% of Holding
148,17,760	26.8%	148,17,760	26.8%
135,96,240	24.5%	135,96,240	24.5%
1,50,000	0.3%	1,50,000	0.3%
<u>285,64,000</u>	<u>51.6%</u>	<u>285,64,000</u>	<u>51.6%</u>
15,37,532	2.8%	14,09,628	2.5%
13,89,366	2.5%	10,67,600	1.9%
9,42,719	1.7%	7,56,019	1.4%
<u>38,69,617</u>	<u>7.0%</u>	<u>32,33,247</u>	<u>5.8%</u>

Note : 4.2

Shareholders holding more than 5% shares in the Company (in addition to those included in Note 4.1 above) are as below :

HDFC Trustee Company Ltd. – HDFC Prudence Fund

HDFC Trustee Company Ltd. – HDFC Mid Cap Opportunities Fund

HDFC Trustee Company Ltd. – HDFC MF Monthly Income Plan – Long Term Plan

HDFC Mutual Fund

Note : 4.3

There is no movement in the number of shares outstanding during the year ended 31st March, 2011 & year ended 31st March, 2012.

Note : 4.4

Rights and restrictions attached to the shares

Equity Shares: The Company has only one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 5			
RESERVES AND SURPLUS			
1. SECURITIES PREMIUM ACCOUNT		34,82.82	34,82.82
2. REVALUATION RESERVE			
As per last Balance Sheet	4,02.13		4,18.67
Transfer to Depreciation	(16.60)		(16.54)
		3,85.53	4,02.13
3. GENERAL RESERVE			
As per last Balance Sheet	277,65.94		240,63.52
Add: Transfer from Profit & Loss Account	41,80.49		37,02.42
		319,46.43	277,65.94
4. PROFIT & LOSS ACCOUNT			
As per last Balance Sheet	56,03.85		48,05.74
Add : Net Profit for the current year	102,83.69		82,73.53
Add : Share of Minority Interest in Current Loss of Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	11.62		87.45
Less : Appropriations:			
Proposed Dividend	(35,98.40)		(33,21.60)
[Dividend proposed per share ₹ 6.50 (Previous Year ₹ 6/-)]			
Provision for Tax on Proposed Dividend	(5,83.75)		(5,38.85)
Transfer to General Reserve	(41,80.49)		(37,02.42)
		75,36.52	56,03.85
		433,51.30	372,54.74
Note : 6			
LONG TERM BORROWINGS			
Secured			
Secured by way of mortgage/hypothecation charge created / to be created on all fixed assets of the Subsidiary and Corporate Guarantee given by the Company upto 35% of the sanctioned loan.			
Term loans			
from Banks			
(a) Bank of Bhutan		9,81.62	11,09.60
(b) Bhutan National Bank		5,74.01	7,16.83
Repayment to be made in quarterly instalments with interest of 12% per annum as per the terms agreed upon between the Company and the Banks.			
		15,55.63	18,26.43

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 7		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability:		
Depreciation on Fixed Assets	20,10.09	17,06.18
Deferred Tax Asset:		
Provision for Doubtful Debts and Advances	(1,62.49)	(1,47.85)
Provision for Contingencies	(72.00)	(1,01.31)
Others	(6,95.55)	(5,49.24)
	<u>10,80.05</u>	<u>9,07.78</u>
Note : 8		
LONG TERM LIABILITIES		
Trade/Security Deposits	4,83.58	4,49.16
Other Liabilities	97.39	15.56
	<u>5,80.97</u>	<u>4,64.72</u>
Note : 9		
LONG TERM PROVISIONS		
Income Tax (Net of Advance Tax)	3,80.04	4,10.75
Leave Encashment (Refer Note 11.1)	9,12.18	8,36.79
Gratuity Payable	9.12	3.12
Power Liabilities (Refer Note 9.1)	2,21.90	3,05.00
	<u>15,23.24</u>	<u>15,55.66</u>
Note : 9.1		
Details of Provision made for Power Liabilities :		
Opening Balance	3,05.00	—
Provision made during the year	1,76.80	3,05.00
Provision reversed during the year	(2,59.90)	—
Closing Balance	<u>2,21.90</u>	<u>3,05.00</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 10		
CURRENT LIABILITIES		
Short term borrowings		
Overdraft with Bank of Bhutan (Secured by way of Hypothecation charge created on all stocks and book debts and an extension charge on all fixed assets of the subsidiary)	3,35.39	2,78.53
Trade Payables		
Due to Micro, Small and Medium Enterprises (Refer Note 10.1)	1,10.36	34.93
Others	69,15.07	56,16.44
	70,25.43	56,51.37
Other Current Liabilities		
Trade deposits	1,19.99	94.35
Unclaimed Dividend	65.98	63.67
Commission due to Directors	2,09.68	1,85.90
Other Liabilities	105,85.45	70,27.67
	109,81.10	73,71.59
	183,41.92	133,01.49
Note : 10.1		
Due to Micro, Small and Medium Enterprises :		
Principal amount due	1,10.36	34.93
Interest due on above	2.18	0.00
Payment made after the due dates	13,07.77	7,09.23
Interest payable for payments made after due date	12.93	2.49
Interest paid	—	—
The information has been given in respect of such suppliers who have identified themselves as "Micro, Small and Medium Enterprises".		
Note : 11		
SHORT TERM PROVISIONS		
Income Tax (Net of Advance Tax)	1,79.83	—
Dividend Distribution Tax	5,83.75	5,38.84
Proposed Dividend	35,98.40	33,21.60
Leave Encashment (Refer Note 11.1)	1,76.15	1,19.21
	45,38.13	39,79.65
Note : 11.1		
Details of Provision for Leave Encashment :		
Opening Balance – Long Term	8,36.79	7,76.97
Opening Balance – Short Term	1,19.21	1,14.94
Provision made during the year	2,51.54	1,79.03
Utilisation during the year	(1,19.21)	(1,14.94)
Closing Balance – Long Term	9,12.18	8,36.79
Closing Balance – Short Term	1,76.15	1,19.21

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 12

FIXED ASSETS

(₹ Lacs)

ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1.4.2011	Additions	Deductions	As at 31.3.2012	Upto 1.4.2011	For the Year	On Sales	Upto 31.3.2012	As at 31.3.2012	As at 31.3.2011
TANGIBLE ASSETS										
Land - Freehold	16,20.79	—	—	16,20.79	—	—	—	—	16,20.79	16,20.79
Land - Leasehold	90.85	—	—	90.85	14.37	0.92	—	15.29	75.56	76.48
Buildings #	99,45.40	5,10.85	64.48	103,91.77	17,00.01	2,64.52	6.64	19,57.89	84,33.88	82,45.39
Leasehold Improvements	95.74	7.06	—	1,02.80	5.32	10.67	—	15.99	86.81	90.42
Plant & Machinery	198,63.82	18,29.48	71.61	216,21.69	93,73.64	14,36.64	60.74	107,49.54	108,72.15	104,90.18
Computers	12,22.81	2,26.88	41.29	14,08.40	9,74.62	1,21.34	41.28	10,54.68	3,53.72	2,48.19
Furniture, Fixtures	9,08.34	77.96	13.16	9,73.14	3,78.21	50.28	12.68	4,15.81	5,57.33	5,30.13
Office Equipment	6,52.92	80.14	27.04	7,06.02	2,27.07	51.61	25.36	2,53.32	4,52.70	4,25.85
Vehicles	2,26.12	—	10.26	2,15.86	76.18	21.72	5.68	92.22	1,23.64	1,49.94
Sub-Total	346,26.79	27,32.37	2,27.84	371,31.32	127,49.42	19,57.70	1,52.38	145,54.74	225,76.58	218,77.37
INTANGIBLE ASSETS										
Computer Software	1,62.25	77.64	—	2,39.89	1,25.06	34.87	—	1,59.93	79.96	37.19
Goodwill	3,23.92	—	—	3,23.92	1,45.56	32.46	—	1,78.02	1,45.90	1,78.36
Technical Know How	3,54.29	—	—	3,54.29	3,18.35	35.89	—	3,54.24	0.05	35.94
Trade Marks	2,03.95	—	—	2,03.95	98.39	20.44	—	1,18.83	85.12	1,05.56
Non-Compete Fees & Marketing Network	7,86.69	—	—	7,86.69	3,54.16	78.83	—	4,32.99	3,53.70	4,32.53
Sub-Total	18,31.10	77.64	—	19,08.74	10,41.52	2,02.49	—	12,44.01	6,64.73	7,89.58
Total	364,57.89	28,10.01	2,27.84	390,40.06	137,90.94	21,60.19	1,52.38	157,98.75	232,41.31	226,66.95
Previous Year's Total	343,28.19	22,63.52	1,33.82	364,57.89	117,53.79	21,20.55	83.40	137,90.94		
Capital Work In Progress									84,53.86	12,60.54
									316,95.17	239,27.49

Includes an amount of ₹ 750 (Previous Year – ₹ 750) representing the value of shares in a co-operative housing society.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Nos.	Face Value (₹)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 13				
NON-CURRENT INVESTMENTS				
AT COST				
TRADE INVESTMENTS				
EQUITY SHARES (fully paid-up)				
Unquoted :				
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10	2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10	2.00	2.00
NON-TRADE INVESTMENTS				
EQUITY SHARES (fully paid-up)				
Quoted :				
John Oakey & Mohan Ltd.	1,900	10	0.16	0.16
Unquoted :				
In Associate company :				
Saint-Gobain Glass India Ltd.	25,00,000	100	24,99.99	24,99.99
Saint-Gobain India Foundation	100	10	0.01	0.01
OTHER INVESTMENTS				
TAX FREE BONDS				
Quoted :				
8.20% 10 Years NHAI Tax Free Bonds	7,417	1,000	74.17	—
			<u>28,49.69</u>	<u>27,75.52</u>
NOTES :				
1. COST				
Quoted			74.33	0.16
Unquoted			27,75.36	27,75.36
2. MARKET VALUE				
Quoted			76.16	0.26
Note : 14				
LONG TERM LOANS & ADVANCES (Refer Note 20.1)				
(Unsecured and considered good)				
Capital Advances			18,39.71	1,92.00
Loans due from Directors of the Company			2,35.00	2,65.15
Deposits			5,66.98	4,51.81
Advances recoverable in cash or in kind or value to be received (Unsecured and considered doubtful)			2,35.11	2,26.96
Advances recoverable in cash or in kind or value to be received			83.25	54.72
Less: Provision for doubtful advances			<u>(83.25)</u>	<u>(54.72)</u>
			<u>—</u>	<u>—</u>
			<u>28,76.80</u>	<u>11,35.92</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
Note : 15			
OTHER NON-CURRENT ASSETS			
Trade Receivables			
(Unsecured and considered doubtful)			
Overdue by six months	3,41.35		3,08.63
Others	94.90		81.75
	<u>4,36.25</u>		<u>3,90.38</u>
Less : Provision for doubtful debts	<u>(4,36.25)</u>		<u>(3,90.38)</u>
		—	—
Accrued Interest		<u>1.11</u>	—
		<u>1.11</u>	—
	Face Value		
	Nos.		
Note : 16			
CURRENT INVESTMENTS			
AT COST			
Unquoted :			
MUTUAL FUNDS			
Debt Funds – Fixed Maturity Plan – Growth Plan			
Reliance Fixed Horizon Fund – XVII Series 1 – Growth Plan	—	—	2,00.00
	(20,00,000)	(10)	
Kotak FMP 13M Series 6 - Growth	—	—	1,00.00
	(10,00,000)	(10)	
Taurus Fixed Maturity Plan 385 Days Series 1 – Institutional Growth	—	—	1,00.00
	(10,00,000)	(10)	
Religare FMP - Series II Plan B - 15 months	—	—	1,00.00
	(10,00,000)	(10)	
Axis Fixed Term Plan - Series 1 (384 Days) - Retail Growth	—	—	1,00.00
	(10,00,000)	(10)	
DSP BlackRock FMP 13M Series 2 - Growth	—	—	1,00.00
	(10,00,000)	(10)	
DERIVATIVE FUNDS			7,00.00
Kotak Equity Arbitrage Fund - Dividend	—	—	1,00.79
	(9,49,890)	(10)	
			<u>8,00.79</u>
NOTES :			
1. MUTUAL FUNDS			
Cost		—	8,00.79
Repurchase Price		—	8,44.26
2. Figures in brackets indicate that of previous year.			

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
CURRENT ASSETS			
Note : 17			
INVENTORIES			
Raw Materials		60,63.91	43,17.64
Raw Materials in Transit		14,73.31	11,46.38
Work-in-Process		32,32.46	28,53.99
Stores and Spare Parts		9,99.16	6,87.82
Finished Goods:			
Manufactured	36,29.45		34,31.98
Trading	11,92.71		7,12.43
		<u>48,22.16</u>	<u>41,44.41</u>
		<u>165,91.00</u>	<u>131,50.24</u>
Note : 18			
TRADE RECEIVABLES			
(Unsecured and considered good)			
Overdue by six months		57.51	2,44.96
Others		94,88.11	88,86.84
		<u>95,45.62</u>	<u>91,31.80</u>
Note : 19			
CASH & BANK BALANCES			
Cash & Cash Equivalents			
Cash and Cheques on hand	20,43.46		23,15.48
With Banks:			
Current Account	14,76.19		17,88.35
Deposit Account	16,03.26		51,02.25
With Liquid Mutual Funds	20,00.00		1,00.10
		<u>71,22.91</u>	<u>93,06.18</u>
Bank Balances			
Other Bank Balances:			
Margin money		1,27.31	1,05.18
Earmarked balances with Banks:			
Gratuity Fund	7.26		3.28
Unpaid dividend	65.98		63.67
Unpaid FD Interest	—		0.35
		<u>73.24</u>	<u>67.30</u>
		<u>73,23.46</u>	<u>94,78.66</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 20

SHORT TERM LOANS & ADVANCES (Refer Note 20.1)

(Unsecured and considered good)

Advance Tax (Net of Provision for Income Tax)

Loans due from Directors of the Company

Advances recoverable in cash or in kind or value to be received

Demand Deposits with Excise and Customs Departments

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
—	2,06.01
30.00	30.00
17,76.44	7,79.89
9,20.70	6,91.04
27,27.14	17,06.94

Note : 20.1

The Company has not provided any loans and advances in the nature of loans to its subsidiary during the year (Previous Year – ₹ Nil) and hence disclosure under clause 32 of the listing agreement is not made.

Note : 21

OTHER CURRENT ASSETS

Accrued Interest

Other Receivables

As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
23.08	25.33
6,84.66	5,15.89
7,07.74	5,41.22

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 22

REVENUE FROM OPERATIONS

Sale of Products (Gross) (Refer Note 22.1)
Service Income
Other Operating Revenue

Less: Excise Duty

Note : 22.1

Sale of Products (Gross) :

Abrasives
Ceramics & Plastics
Others

(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
951,31.63		837,62.86
16,57.48		11,89.45
5,40.83		4,12.43
	973,29.94	853,64.74
	(66,97.84)	(56,87.74)
	906,32.10	796,77.00
	654,15.92	583,28.94
	272,50.62	235,64.88
	24,65.09	18,69.04
	951,31.63	837,62.86

The Sales value mentioned above includes sale of bought out goods of ₹ 87,75.92 Lacs (Previous Year – ₹ 69,73.58 Lacs) & excludes captive consumption.

Note : 22.2

Segment Reporting :

A. Information about Business Segments :

(₹ Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011								
Revenue										
Segment Revenue	610,70.54	544,53.79	263,77.96	231,91.65	22,07.73	18,68.23	—	—	896,56.23	795,13.67
Less: Inter-segment Sales	—	—	(12,22.44)	(14,38.55)	—	—	—	—	(12,22.44)	(14,38.55)
Net Sales	610,70.54	544,53.79	251,55.52	217,53.10	22,07.73	18,68.23	—	—	884,33.79	780,75.12
Result										
SEGMENT RESULT	97,36.35	87,93.25	49,13.16	34,51.67	4,93.25	3,64.99	—	—	151,42.76	126,09.91
Unallocated Income/ (Expenditure) – (Net)							(6,17.41)	(4,31.29)	(6,17.41)	(4,31.29)
Interest expenses							(3,17.86)	(3,41.71)	(3,17.86)	(3,41.71)
Interest Income							1,43.05	81.18	1,43.05	81.18
Dividend Income							4,04.85	3,62.10	4,04.85	3,62.10
Profit/(Loss) on sale of Investments							63.57	(0.66)	63.57	(0.66)
Profit before Tax and after Exceptional Item									148,18.96	122,79.53
Provision for Tax (including Deferred Tax)							(45,35.27)	(40,06.00)	(45,35.27)	(40,06.00)
Profit after Tax									102,83.69	82,73.53
Other Information										
Total Assets (gross)	395,07.93	337,53.05	209,80.59	155,03.27	30,70.73	9,25.84	107,58.48	124,66.42	743,17.73	626,48.58
Less: Revaluation Reserve	(2,01.64)	(2,11.71)	(1,83.89)	(1,90.42)	—	—	—	—	(3,85.53)	(4,02.13)
Net Assets	393,06.29	335,41.34	207,96.70	153,12.85	30,70.73	9,25.84	107,58.48	124,66.42	739,32.20	622,46.45
Total Liabilities	104,76.12	90,34.33	73,89.22	59,01.77	25,35.51	8,68.67	72,19.09	62,30.96	276,19.94	220,35.73
Capital Expenditure (during the year)	58,28.90	16,13.56	37,90.76	11,43.87	1,79.19	1,92.90	2,04.87	1,43.95	100,03.72	30,94.28
Depreciation (for the year)	12,63.73	12,76.43	6,96.17	7,15.84	4.15	2.05	1,79.54	1,09.69	21,43.59	21,04.01

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

B. Information about Geographical Segments :

(a) The Distribution of the company's sales by geographical market is as under :

Net Sales	(₹ Lacs)	
	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
India	813,96.45	708,95.67
Outside India	70,37.34	71,79.45
Total	884,33.79	780,75.12

(b) The geographical location of the assets and liabilities is as follows :

	Net Assets		Total Liabilities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	India	697,09.23	577,31.80	251,97.70
Outside India	42,22.97	45,14.65	24,22.24	26,35.08
Total	739,32.20	622,46.45	276,19.94	220,35.73

Notes :

(i) The Company is organised into the following business segments, namely :

- (a) Abrasives
- (b) Ceramics & Plastics
- (c) Others

Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

(ii) The Segment revenue in each of the above business segments consists of Sales (net of returns, excise duty, sales tax, rebates etc.)

(iii) Segment Revenue, Result, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

(iv) Segment results are net of corporate overheads aggregating to ₹ 16,15.66 Lacs (Previous Year – ₹ 13,14.79 Lacs), allocated on a reasonable basis.

Note : 23

OTHER INCOME

Interest Income

From Long term Investments (Non trade)

1.11

2.52

From Others

1,41.94

78.66

Dividend Income from Current Investments/Liquid Mutual Funds

1,43.05

81.18

Profit on sale of Investments

4,04.85

3,62.10

Other Non-operating income

63.57

6,01.23

5,63.26

12,12.70

10,06.54

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
Note : 24			
COST OF RAW MATERIALS CONSUMED			
Opening Stock of			
Raw Materials	43,17.64		31,09.61
Raw Materials in Transit	11,46.38		10,25.91
		54,64.02	41,35.52
Add: Purchases		330,75.59	289,86.94
Less: Closing Stock of			
Raw Materials	(60,63.91)		(43,17.64)
Raw Materials in Transit	(14,73.31)		(11,46.38)
		(75,37.22)	(54,64.02)
		310,02.39	276,58.44
Note : 25			
PURCHASE OF TRADING GOODS			
Abrasives		59,95.86	48,54.31
Ceramics & Plastics		7,00.01	10,94.19
Others		7,78.07	7,93.29
		74,73.94	67,41.79
Note : 26			
CHANGE IN INVENTORIES			
Opening Stock of			
Finished Goods :			
– Manufactured	34,31.98		26,21.96
– Trading	7,12.43		3,76.10
Work-in-Process	28,53.99		21,99.74
		69,98.40	51,97.80
Less: Closing Stock of			
Finished Goods :			
– Manufactured	(36,29.45)		(34,31.98)
– Trading	(11,92.71)		(7,12.43)
Work-in-Process	(32,32.46)		(28,53.99)
		(80,54.62)	(69,98.40)
		(10,56.22)	(18,00.60)
Note : 27			
EMPLOYEE BENEFIT EXPENSES (Refer Note 27.1)			
Salaries, Wages, Bonus and Gratuity		81,73.74	73,16.49
Contribution to Provident and other Funds		5,06.70	4,49.77
Staff Welfare		9,80.40	7,95.00
		96,60.84	85,61.26

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 27.1

Disclosure under AS-15 (Revised 2005) :

Employee Benefits :

I. Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognised as expense for the year are as under :

Employers' Contribution to Provident Fund

Employers' Contribution to Superannuation Fund

II. Defined Benefit Plan :

Contribution to Gratuity Fund

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy, whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March, 2012 :

Change in present value of obligation

Opening Balance

Interest Cost

Service Cost

Benefits Paid

Cost of Plan Amendment

Actuarial (gain)/loss on obligation

Closing Balance

Change in plan assets

Opening Balance

Expected return on plan assets

Contributions

Benefits paid

Actuarial gain/(loss) on plan assets

Closing Balance

Net gratuity cost for the year

Current Service Cost

Interest Cost

Expected return on plan assets

Past Service Cost

Net Actuarial (gain)/loss to be recognised

Net Gratuity Cost

Amount recognised in the Balance Sheet

Present value of obligation

Fair value of plan assets

Net obligation

Assumptions used in accounting for the gratuity plan

Discount Rate

Salary escalation rate

Expected rate of return on plan assets

For the
Year Ended
31st March,
2012
(₹ Lacs)

For the
Year Ended
31st March,
2011
(₹ Lacs)

2,92.16
1,12.18

2,64.70
1,07.62

For the
Year Ended
31st March,
2012
(₹ Lacs)

For the
Year Ended
31st March,
2011
(₹ Lacs)

23,61.15

19,92.60

2,00.70

1,63.78

1,41.67

1,16.30

(1,22.98)

(1,23.31)

—

—

1,10.50

2,11.78

26,91.04

23,61.15

22,99.54

18,41.00

2,09.11

1,74.89

3,35.00

4,06.82

(1,22.98)

(1,23.31)

(5.64)

0.14

27,15.03

22,99.54

1,41.67

1,16.30

2,00.70

1,63.78

(2,09.11)

(1,74.89)

—

—

1,16.14

2,11.64

2,49.40

3,16.83

26,91.04

23,61.15

(27,15.03)

(22,99.54)

(23.99)

61.61

%

%

8.50

8.25

7.00

7.00

8.50

8.00

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 28

FINANCE COST

Interest on Loans/Deposits

Note : 29

OTHER EXPENSES

Stores and Spare Parts Consumed

Processing Charges

Power and Fuel (Refer Note 9.1)

Freight, Octroi and Packing Expenses

Repairs and Maintenance :

Buildings

Machinery

Others

Rent

Rates and Taxes

Insurance

Travelling and Conveyance

Commission and Discount on Sales

Royalties

Loss on assets discarded/sold (Net)

Loss on Sale of Current Investments

External Service charges

Bad Debts/Provision for Doubtful Debts

Miscellaneous Expenses (Refer Note 29.1)

Note : 29.1

Excise duty deducted from turnover represents amount of excise duty collected by the Company on sale of goods manufactured by the Company. Excise duty of ₹ 3,14.22 Lacs (Previous Year – ₹ 2,22.42 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses.

Note : 30

EARNINGS PER SHARE :

(a) Profit after tax (₹ Lacs)

(b) Weighted Average Number of Equity Shares outstanding
(Nominal Value of Shares ₹ 5)

(c) Earnings per share (Basic & Diluted) in ₹

For the Year Ended 31st March, 2012 (₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)
--	--

3,17.86	3,41.71
---------	---------

22,33.90	19,56.24
----------	----------

21,58.07	20,78.69
----------	----------

72,24.04	70,41.81
----------	----------

46,29.69	43,04.14
----------	----------

1,01.80	2,65.25
---------	---------

3,39.24	4,93.85
---------	---------

2,23.18	2,00.14
---------	---------

6,64.22	9,59.24
---------	---------

2,73.94	2,14.32
---------	---------

1,43.21	1,08.09
---------	---------

1,60.26	1,31.61
---------	---------

11,67.25	11,51.58
----------	----------

28,37.52	24,10.32
----------	----------

7,21.56	5,60.15
---------	---------

72.61	24.28
-------	-------

—	0.66
---	------

14,14.78	9,31.25
----------	---------

61.75	47.50
-------	-------

37,20.64	28,77.52
----------	----------

274,83.44	247,97.40
-----------	-----------

For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
--	--

102,83.69	82,73.53
-----------	----------

5,53,60,000	5,53,60,000
-------------	-------------

18.58	14.94
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NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 31

CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

	As at 31st March, 2012 (₹ Lacs)	As at 31st March, 2011 (₹ Lacs)
(a) Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	8,35.62	7,33.18
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	2,49.42	2,90.78
(c) Claims against the Company under the Labour Laws for disputed cases	1,00.73	90.00
(d) Guarantees given by Banks, of which ₹ 4,28.44 Lacs (Previous Year – ₹ 2,86.37 Lacs) are counter guaranteed by the Company	4,28.44	2,86.37
(e) Guarantees given on behalf of Subsidiary Company	8,39.08	8,39.08
(f) Letters of credit issued by banks on behalf of the Company	1.89	1,18.14
(g) Non-Agricultural Land Cess	37.79	35.97
(h) Other Claims against the Company not acknowledged as debts	1,12.04	2,94.39
(i) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	26,27.55	24,40.22
(j) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	6,95.48	6,01.01
(k) Demand raised by A.P Transco for fuel surcharge adjustment for FY 2008-09, disputed by the Company & subjudice in Honourable Supreme Court	1,64.00	—
(l) Income tax liability on account of disputed disallowances	91.25	20.17
	31,35.67	7,63.63

Note : 32

COMMITMENTS :

Capital Commitments

Note : 33

EXPENDITURE IN FOREIGN CURRENCY (₹ Lacs) :

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
(i) Export Sales Commission	42.47	19.51
(ii) Foreign Travel	79.70	82.79
(iii) Royalties	7,14.83	5,17.54
(iv) Others	1,46.70	91.69

Note : 34

AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF :

	2010-11	2009-10
Dividend (₹ Lacs)	17,04.84	17,04.84
Number of Non-Resident Shareholders	2	2
Number of Shares held	2,84,14,000	2,84,14,000
Period to which Dividend relates	2010-11	Jan 09 – Mar 10

Note : 35

The Company uses forward contracts to hedge its risk associated with foreign currency fluctuations relating to firm commitments and forecasted transactions. The Company does not enter into forward exchange contracts which are intended for speculative purposes. Following are the outstanding forward contracts as at 31st March, 2012 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs	Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	42 (19)	50.53 (56.29)	25,74.20 (25,16.31)	JPY	2 (—)	13.83 (—)	8.61 (—)
EURO	20 (6)	16.20 (9.62)	11,09.68 (6,09.81)	AUD	2 (—)	0.18 (—)	9.65 (—)
GBP	1 (1)	0.49 (0.62)	39.29 (44.21)				

Previous Year's figures are in brackets.

The Indian Rupee equivalent is arrived at by converting the forward contracts at the spot rate as at 31st March, 2012. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2012 is ₹ 5,30.82 Lacs (Previous Year – ₹. 5,85.32 Lacs).

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Note : 36

RELATED PARTY DISCLOSURE :

1. Relationships :

(i) **HOLDING COMPANY :**

Compagnie de Saint-Gobain

(ii) **FELLOW SUBSIDIARIES :**

(a) Saint-Gobain Abrasives Inc., USA

(b) Societe de Participations Financieres et Industrielles

(iii) **ASSOCIATE COMPANIES :**

ABC Superabrasives, USA
 Certainteed Corporation, USA
 L.M.Van Moppes Diamond Tools India Pvt. Ltd.
 Norton Abrasives PTY Ltd.
 PT Saint-Gobain Norton Hampas, Indonesia
 PT Saint-Gobain Winter Diamas, Indonesia
 Saint-Gobain Ceramics
 Saint-Gobain Ceramics & Plastics, Inc.
 Saint-Gobain PAM (France)
 Saint-Gobain Abrasives Ltd.
 Saint-Gobain Abrasives, Poland
 Saint-Gobain Ceramiques Informatique Et Organisation
 Saint-Gobain DSI Groupe
 Saint-Gobain Industriekeramik Rodental GMBH
 Saint-Gobain Abrasifs Dubai
 Saint-Gobain Abrasifs Maroc, Morocco
 Saint-Gobain Abrasifs, France
 Saint-Gobain Abrasive International Trading (Shanghai)
 Saint-Gobain Abrasives (Aust) PTY Ltd.
 Saint-Gobain Abrasives (PTY) Ltd., South Africa
 Saint-Gobain Abrasives (Sea) Pte. Ltd.
 Saint-Gobain Abrasives (Shanghai) Co. Ltd., Shanghai
 Saint-Gobain Abrasives (Suzhou) Co. Ltd.
 Saint-Gobain Abrasives BV., Netherlands
 Saint-Gobain Abrasives GMBH (CORA)
 Saint-Gobain Abrasives GMBH, Gerolzhofen., Germany
 Saint-Gobain Abrasives International Trading (HK) Ltd.
 Saint-Gobain Abrasives Korea
 Saint-Gobain Abrasives Ltd. – Stafford-UK
 Saint-Gobain Abrasives Ltd., New Zealand
 Saint-Gobain Abrasives Ltda., Brazil
 Saint-Gobain Abrasives Ltda., Portugal
 Saint-Gobain Abrasives Singapore (PTE) Ltd.
 Saint-Gobain Abrasives SP. Z.O.O
 Saint-Gobain Abrasives SP.Z
 Saint-Gobain Abrasives Thailand
 Saint-Gobain Abrasives, Indonesia
 Saint-Gobain Abrasivi S.P.A. (Micromold)
 Saint-Gobain Abrasivi S.P.A. (Ral-Sud)
 Saint-Gobain Abrasivi S.P.A., Italy
 Saint-Gobain Abrasivos SA, Argentina
 Saint-Gobain Advanced Materials (M) SDN BHD
 Saint-Gobain Advanced Materials (Taiwan) Co. Ltd.
 Saint-Gobain Cera Mat (Lianyungang) Co.
 Saint-Gobain Ceramic Materials (Liyanguang) Co. Ltd., China
 Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China
 Saint-Gobain Ceramic Materials AS., Norway
 Saint-Gobain Ceramic Materials, USA
 Saint-Gobain Ceramicas Industrialces S.A., Spain
 Saint-Gobain Ceramicas Industriales S.A.
 Saint-Gobain Ceramics & Plastics, Brazil
 Saint-Gobain Ceramics Inc, USA
 Saint-Gobain Crystals & Detectors India Ltd.
 Saint-Gobain Diamantwerkzeuge GMBH & Co.
 Saint-Gobain Do Brasil Produtos Ind. E Para Const Ltda
 Saint-Gobain Formula Thai Gypsum Product
 Saint-Gobain Gelva, BV
 Saint-Gobain Glass Egypt
 Saint-Gobain Glass India Ltd.
 Saint-Gobain Gyproc India Ltd.
 Saint-Gobain High Performance Materials, France
 Saint-Gobain Industrial Ceramics Pty Ltd.
 Saint-Gobain Industrial Ceramics, UK
 Saint-Gobain Industrie Keramik Dusseldorf GMBH
 Saint-Gobain Materials Ceramicos Ltda. Brazil
 Saint-Gobain Materials Ceramicos, Venezuela
 Saint-Gobain Materiaux Ceramics, Belgium
 Saint-Gobain Performance Plastics Portage
 Saint-Gobain Performance Plastics, New Jersey, USA
 Saint-Gobain Performance Plastics, Worcester, USA
 Saint-Gobain PPL Corp
 Saint-Gobain PPL Corporation Mexico
 Saint-Gobain PPL Seoul
 Saint-Gobain Sekurit India Ltd.
 Saint-Gobain Sekurit (Thailand) Co. Ltd.
 Saint-Gobain Seva Engineering India Limited
 Saint-Gobain Seva, France
 Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.
 Saint-Gobain Technical Fabrics, S.A.
 Saint-Gobain Universal Superabrasives, Inc
 Saint-Gobain Vibros S.A.
 Savoi Refractories
 SEPR Refractories India Ltd.
 SEPR, France
 Saint-Gobain Advanced Ceramics (Shanghai) Co. Ltd.
 Saint-Gobain Materiaux Ceramiques Benelux S.A.
 Saint-Gobain Performance Plastics – Bristol
 Saint-Gobain Performance Plastics (SHANGHAI) Co. Ltd.
 Saint-Gobain Performance Plastics Corby, UK
 Saint-Gobain Performance Plastics KK, JAPAN
 Saint-Gobain Performance Plastics Korea Co. Ltd.
 Saint-Gobain Performance Plastics Pampus GMBH
 Saint-Gobain Performance Plastics Verneret, France
 Saint-Gobain Performance Plastics, Akron, USA
 Saint-Gobain Performance Plastics, Beaverton, USA
 Saint-Gobain Performance Plastics, Chaineux, Belgium
 Saint-Gobain Performance Plastics, Florida, USA
 Saint-Gobain Performance Plastics, Garden Groove, USA
 Saint-Gobain Performance Plastics, Granville, USA
 Saint-Gobain Performance Plastics, Ireland
 Saint-Gobain Performance Plastics, Kontich, Belgium
 Saint-Gobain Performance Plastics, Mickleton, USA
 Saint-Gobain Performance Plastics, New York, USA
 Saint-Gobain Performance Plastics, Pittsburg, USA
 Saint-Gobain Performance Plastics, Poestenkill, USA
 Saint-Gobain Performance Plastics, Rencol., UK
 Saint-Gobain Performance Plastics, Taiwan
 Saint-Gobain Performance Plastics, Gembloux, Belgium
 Universal Superabrasives, USA

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(iv) KEY MANAGEMENT PERSONNEL

A. Y. Mahajan - Managing Director

J.A.J. Pereira - Executive Director - Human Resources & Corporate Services

U.T. Dorji #

No transactions have been made with him.

2. The following transactions were carried out with the related parties in the ordinary course of business :

(i) Details relating to parties referred to in items 1(i) (ii) and (iii) above :

(₹ Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries		Associate Companies	
		For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
1.	Sales	—	—	2,96.14	98.18	17,60.64	23,99.92
2.	Agency Commission received	—	—	—	—	12.80	18.85
3.	Service Income	—	—	—	95.31	13,28.61	6,87.61
4.	Other Income	67.50	77.40	64.53	29.23	2,85.24	2,25.07
5.	Purchase of Goods	—	—	12,13.64	5,75.96	110,38.52	91,67.26
6.	Expenses charged to other companies	11.03	1,59.95	—	—	15,13.77	1,76.34
7.	Expenses charged by other companies	2,78.51	1,47.21	—	—	1,74.76	78.70
8.	Royalty Paid	—	—	4,85.20	3,57.12	2,29.63	1,60.38
9.	Other Expenses	—	—	—	—	16.70	16.30
10.	Purchase/Transfer of Fixed Assets	—	—	—	—	4,70.92	6.98
11.	Dividend Paid	—	—	17,04.84	17,04.84	9.00	9.00
12.	Outstanding receivables (net of payables)*	—	—	(1,74.95)	(2,71.72)	(12,32.87)	(7,64.20)
13.	Outstanding deposits*	—	—	—	—	39.00	39.00

* Closing balance

(ii) Details relating to persons referred to in item 1(iv) above :

(₹ Lacs)

	For the Year Ended/As at 31st March, 2012	For the Year Ended/As at 31st March, 2011
Remuneration	4,72.78	4,07.34
Outstanding Loan	2,65.00	2,95.15
Commission Payable	1,54.36	1,30.58

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
1.	Sales	Saint-Gobain Abrasives (Aust) Pty. Ltd.	—	3,71.41
		Saint-Gobain Abrasives, Inc. USA	2,96.14	98.18
		Saint-Gobain Abrasives SP. Z.O.O	4,02.36	—
		Saint-Gobain Ceramic Materials AS., Norway	3,27.92	—
		Saint-Gobain Glass India Ltd.	4,03.20	—
2.	Agency Commission received	Saint-Gobain Abrasives (Suzhou) Co. Ltd.	—	5,42.96
		Certainteed Corporation, USA	10.33	15.56
3.	Service Income	Saint-Gobain Diamantwerkzeuge GMBH & Co.	2.47	—
		Saint-Gobain Glass India Ltd.	—	83.75
4.	Other Income	Saint-Gobain PAM, France	—	1,15.64
		Saint-Gobain Glass, France	—	1,11.18
		Saint-Gobain Abrasives Inc., USA	—	95.31
		Saint-Gobain DSI Groupe	3,94.62	1,64.67
		Saint-Gobain Ceramiques Informatique Et Organisation	2,65.19	79.48
		Compagnie de Saint-Gobain (Liaison Office)	67.50	77.40
		Saint-Gobain SEVA Engineering India Ltd.	55.15	55.15
5.	Purchase of Goods	Saint-Gobain Abrasives Inc., USA	64.53	29.23
		Saint-Gobain Gyproc India Ltd.	1,51.33	1,39.27
		Saint-Gobain Glass India Ltd.	34.44	—
6.	Expenses charged to other companies	Saint-Gobain Abrasives (Shanghai) Co. Ltd.	16,31.87	9,90.40
		Saint-Gobain Materials Ceramicos Ltda. Brazil	21,37.79	17,08.45
		Saint-Gobain Abrasives Inc., USA	12,13.64	5,75.96
7.	Expenses charged by other companies	Saint-Gobain Gyproc India Ltd.	1,96.17	—
		Saint-Gobain Glass India Ltd.	5,74.70	15.63
		Saint-Gobain SEVA Engineering India Ltd.	—	72.63
		Compagnie de Saint-Gobain (Liaison Office)	11.03	1,59.95
8.	Royalty Paid	Saint-Gobain Glass Egypt	—	15.43
		Compagnie de Saint-Gobain (Liaison Office)	2,78.51	1,47.21
		Saint-Gobain Glass India Ltd.	1,19.13	52.74
9.	Other Expenses	Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	20.75	—
		Saint-Gobain Abrasives Inc., USA	4,85.20	3,57.12
10.	Purchase/Transfer of Fixed Assets	Saint-Gobain Abrasifs, France	1,59.09	1,16.01
		SEPR, France	70.54	44.37
		Saint-Gobain Abrasifs, France	16.70	16.30
		Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.	1,74.45	—
		Saint-Gobain Ceramics Industrialces S.A, Spain	—	4.41
		Saint-Gobain Advanced Ceramics(Shanghai)	—	2.25
		Saint-Gobain PPL Seoul	50.85	—
		Saint-Gobain Abrasives, Poland	1,35.88	—
		Saint-Gobain Industrie Keramik Dusseldorf GMBH	55.95	—
		11.	Dividend Paid	Saint-Gobain Abrasives Inc., USA
Societe de Participations Financieres et Industrielles	8,15.77			8,15.77
Saint-Gobain Glass Ltd.	9.00			9.00

Note : 37

Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the figures of financial statements for the year ended 31st March, 2011 have been reclassified as per Revised Schedule VI, to conform to current year's classification.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax and after Exceptional Item		148,18.96		122,79.53
Adjustments for :				
Depreciation	21,43.59		21,04.01	
Unrealised Foreign Exchange (Gain)/Loss (Net)	22.91		(25.63)	
Loss on assets discarded/sold (Net)	72.61		24.28	
Loss/(Profit) on Sale of Investments	(63.57)		0.66	
Dividend Received	(4,04.85)		(3,62.10)	
Interest (Net)	1,74.81	19,45.50	2,60.53	20,01.75
Operating Profit Before Working Capital Changes		167,64.46		142,81.28
Adjustments for :				
Trade and other Receivables	(18,91.49)		(762.46)	
Inventories	(34,40.76)		(33,61.35)	
Trade and other Payables	44,43.73	(8,88.52)	19,07.80	(22,16.01)
Cash Generated from Operations		158,75.94		120,65.27
Direct Taxes Paid (Net of Income Tax Refund)		(40,07.86)		(37,58.79)
Net cash from Operating Activities		118,68.08		83,06.48
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(109,76.54)		(29,03.28)	
Sale of Fixed Assets	2.85		26.22	
Proceeds of Sale of Investments	8,64.36		1,49.34	
Purchase of Investments	(74.17)		(3,00.00)	
Payment from Minority Interest	—		40.00	
Interest Received	1,45.30		80.58	
Dividend Received	4,04.85		3,62.10	
Net cash flow used in Investing Activities		(96,33.35)		(25,45.04)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net Increase/(Decrease) in Borrowing	(2,13.94)		(2,82.64)	
Interest	(3,17.86)		(3,41.71)	
Dividends Paid	(33,21.60)		(33,12.95)	
Tax on Dividend	(5,38.84)		(5,51.68)	
Margin Money and Others	(25.76)		—	
Net cash used in Financing Activities		(44,18.00)		(44,88.98)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(21,83.27)		12,72.46
CASH AND CASH EQUIVALENTS – OPENING BALANCE				
Cash and Bank Balances	92,06.08		80,33.72	
Cash Equivalents (Investment in Liquid Mutual Funds)	1,00.10	93,06.18	—	80,33.72
CASH AND CASH EQUIVALENTS – CLOSING BALANCE				
Cash and Bank Balances	51,22.91		92,06.08	
Cash Equivalents (Investment in Liquid Mutual Funds)	20,00.00	71,22.91	1,00.10	93,06.18
		(21,83.27)		12,72.46

NOTES : 1. The Company has undrawn borrowing facilities amounting to ₹ 27,64.61 Lacs (Previous year – ₹ 28,21.47 Lacs).
2. Previous Year's figures have been regrouped to conform with the current year's presentation.

As per our Report of even date
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Mumbai: 23rd May, 2012

For and on behalf of board of directors of
Grindwell Norton Limited

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 23rd May, 2012

Registered Office:
Leela Business Park, 5th Level, Andheri-Kurla Road, Marol, Andheri (East), Mumbai – 400 059

PROXY FORM

REGD. FOLIO No.	
DP ID No.	
CLIENT ID No.	
No. of Shares	

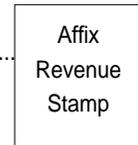
I/We, Mr./Mrs./Miss/Messrs.....
of.....in the district of
.....being a member/members of **GRINDWELL NORTON LIMITED**,
hereby appointof.....
.....in the district ofor failing him/her
.....of.....
in the district ofas my/our proxy to attend and vote for me/us and on my/our behalf at
the 62nd ANNUAL GENERAL MEETING of the Company to be held on **Thursday, 26th day of July, 2012 at 12.00 Noon** and at any
adjournment thereof.

Signed this day of.....2012.

Registered Folio/DP ID/Client ID:

Signature

No. of Shares held:.....



This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the proxy will act as he/she thinks fit.

*Strike out whichever is not desired.

Note: This proxy must be returned so as to reach the Registered Office of the Company at Leela Business Park, 5th Level, Andheri-Kurla Road, Marol, Andheri (East), Mumbai – 400 059, not less than 48 hours before the time for holding the aforesaid meeting.



Registered Office:
Leela Business Park, 5th Level, Andheri-Kurla Road, Marol, Andheri (East), Mumbai – 400 059

ATTENDANCE SLIP

62nd Annual General Meeting
Thursday, 26th July 2012, at 12.00 Noon

REGD. FOLIO No.	
DP ID No.	
CLIENT ID No.	
No. of Shares	

I/We, Mr./Mrs./Miss/Messrs.....
certify that I am a registered shareholder/proxy for the registered shareholder(s) of **GRINDWELL NORTON LIMITED**.
I/We hereby record my/our presence at the 62nd ANNUAL GENERAL MEETING of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas
Building, 18/20, K. Dubash Marg (Rampart Row), Mumbai – 400 001, on **Thursday, 26th July, 2012, at 12.00 Noon**.

.....
Member's/Proxy's name in Block Letters

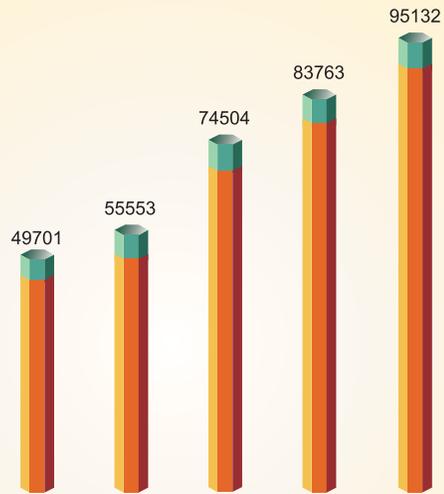
.....
Member's/Proxy's Signature

- Notes:**
1. Shareholder/Proxy wishing to attend the meeting must bring this Attendance Slip duly signed, to the meeting and hand it over at the entrance.
 2. Shareholder/Proxy desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

FINANCIAL PERFORMANCE

Sale of Products

(₹ Lacs)



Year	2007	2008	2009-10 [^]	2010-11	2011-12
Export	4389	6762	7764	7108	7058
Domestic	45312	48791	66740	76655	88074

[^] for 15 Months

Net Worth

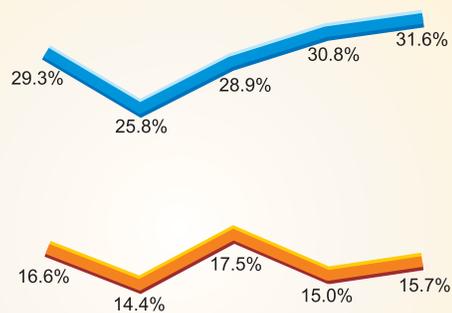
(₹ Lacs)



Year	2007	2008	2009-10	2010-11	2011-12
Share Capital	2768	2768	2768	2768	2768
Reserves* & Surplus	24759	27669	32546	37249	43429

* Excluding Revaluation Reserve

Operating Margin (%), ROI (%) & Asset Turnover



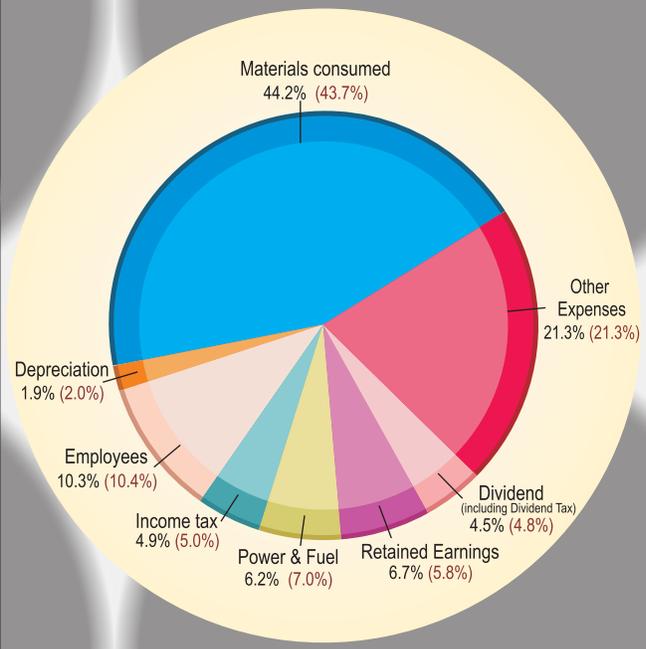
Year	2007	2008	2009-10	2010-11	2011-12
Asset Turnover	1.77	1.80	1.65 @	2.05	2.01

@ Annualised

Operating Margin

ROI

Distribution of Income



* Figures in brackets are for the year 2010-11

NORTON *GRINDWELL NORTON LTD.*


SAINT-GOBAIN